

ELEMENTARY BOOK-KEEPING

**FOR DAY AND EVENING SCHOOLS
AND COMMERCIAL CLASSES**

By A. MUNRO, F.C.I.S.,

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Bells Hill

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2/-

Examination

- O. (a) 20 Books of Orig Ent.
(b) 35 Post to Ledger.
(c) 10 Trial Balance.
(d) 10 Balancing Q/c's

O. 2 10

3 5

Neatness 8
98
98

98% Bookkeeping.

ELEMENTARY BOOK-KEEPING

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AND COMMERCIAL CLASSES,

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COMMERCIAL CLASSES

BY

ANDREW MUNRO

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PREFACE.

In dealing with students who have no knowledge of the subject, many successful teachers nowadays prefer beginning with the Ledger, a method which generally gives excellent results; and whilst this text book has been set out in such style, it is so arranged that the teacher can easily adapt it to suit his own methods of instruction.

A great variety of graded exercises are given (including the papers of the Society of Arts, West Riding County Council, Lancashire and Cheshire Unions, Midland Counties Union, etc.), and, being short, the majority can be worked on the board in one lesson.

ANDREW MUNRO.

17 FOTHERINGAY ROAD,
GLASGOW, 1924.

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Refer also to Glossary.

ABBREVIATIONS AT END.

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INTRODUCTORY.

BOOK-KEEPING is the art of recording business transactions in books in such a manner that a trader can tell what property he possesses, what he owes, what others owe him, and what profit or loss he has made on his transactions for any given period.

A person engaged in business buys and sells, pays and receives, and that is practically what the whole of his transactions consist of.

In the commercial world there is naturally a great variety of methods in Book-keeping peculiar to certain concerns, such as Banks, Stockbrokers, Agents, etc., who have special systems of their own, but there are certain principles (which will be explained later) that are invariable in every case, and, once these are grasped, the student will be able to apply them in practical work.

The books usually required for an ordinary business consist of the Ledger, Bought Book, Sales Book, Cash Book, and Journal.

The Ledger (from “lego”—I collect) is the principal book, and into it are gathered and summarised for ready reference all the transactions recorded in the other books, called subsidiary or books of original entry.

The Bought Day Book, sometimes called the Invoice or Purchases Book, contains particulars of all goods bought on credit (goods not paid for at the time).

The Sales Day Book contains particulars of all goods sold on credit.

The Cash Book contains a record of all cash and bank transactions.

The Journal contains the opening and closing entries, transfer items (taking an item from one a/c. to another), and any transactions which cannot be passed through the above-mentioned subsidiary books.

BOOK-KEEPING.

The Ledger.

The most important book into which are posted, under their proper accounts, the transactions recorded in the subsidiary books.

There are two kinds of accounts—Personal and Impersonal.

Personal Accounts are those in the name of persons and firms, such as John Smith, A. Brown & Co., The Dairy Co., Ltd.

Impersonal Accounts are those not in the name of persons, such as Goods A/c., Cash A/c., Trade Expenses A/c., etc.

The Impersonal A/cs. are sub-divided into two kinds—Real and Nominal.

Real Accounts are accounts of things which actually exist, such as Goods, Cash, Property, Shares, etc.

Nominal (or Fictitious) Accounts are accounts dealing with the income and expenditure of a business, such as Discount, Commission, Wages, Rent, etc. These accounts are sub-divisions of the Profit and Loss A/c.

An account (a/c.) in the Ledger has two divisions, the left hand side being the debit (or debtor) side, and the right hand the credit (or creditor) side.

Headings of accounts should always be written in a bold hand.

The ruling of an account is as follows:—

[illegible]

The words Debtor and Creditor are written Dr. and Cr. on the left and right top corners of the account.

The above account in the name of John Smith is a Personal A/c., and we debit or enter on the left hand side everything which the person represented by the account Receives.

On the right, or credit side, we enter everything the person Gives.

The rule therefore is:—Debit the Receiver, Credit the Giver.

Everything Smith receives will be posted to the debit of his account, and everything he delivers will be posted to the credit of his account.

On the debit side, therefore, will be entered:—Any balance Smith owed at the beginning, because if he owed anything he must have received something.

Goods we sell him, because he would receive.

Money we pay him, because he would receive.

Goods we return to him, because he would receive; and

Any allowance he makes us, because he owes us the allowance.

On the credit side will be entered:—Any balance owing to Smith at the beginning, because before anything can be owing to him he must have given something.

Goods he sells us, or we buy from him, because he would give or deliver.

Money he pays us, because he would give.

Goods he returns to us, because he would give; and

Any allowance we make him, because we owe him the allowance.

The student will thus understand that for everything we enter on the debit side of Smith's account, he is our Debtor—that is, he owes us; and for everything we enter on the credit side, he is our Creditor—that is, we owe him.

Let us follow the entering up or posting into Smith's A/c. of the undernoted transactions:—Sept. 1, 19—.—Smith was due me £200. 3rd.—I sold him goods, £250. 4th.—He paid me £190. 4th.—I allowed him £10 discount (that is an allowance I make for prompt payment). 7th.—He sold me a horse for £60. 8th.—I bought 4 barrows from him at £5 each. 22nd.—I sold him goods, £180. 23rd.—He paid me £200 on account. 24th.—He bought goods, £120. 26th.—He sold me a cart, £15. 29th.—He bought goods from me, £175. 30th.—I returned the cart as unsuitable.

Ledger.

<i>Dr.</i>			JOHN SMITH, LEEDS.						<i>Cr.</i>		
Date.	Particulars.	Fol.	Amount due from him.			Date.	Particulars.	Fol.	Amount due to him.		
19—						19—					
Sept. 1	To Balance		200	-	-	Sept. 4	By Cash		190	-	-
" 3	" Goods		250	-	-	" 4	" Discount		10	-	-
" 22	" "		180	-	-	" 7	" Horse		60	-	-
" 24	" "		120	-	-	" 8	" Barrows		20	-	-
" 29	" "		175	-	-	" 23	" Cash		200	-	-
" 30	" Cart ret'd.		15	-	-	" 26	" Cart		15	-	-

This is how Smith's A/c. will look when the transactions are entered up.

Figures in the money column should be entered so that units, tens, and hundreds come exactly under each other. By attending to this, the "castings" are more easily made.

Balancing the account:—At certain periods business people balance their accounts to see how they stand.

The balance is the arithmetical difference between the debit and credit sides when "the balance is struck." On a piece of paper, add up the debit side of Smith's a/c. It amounts to £940. That is the value of what he has received. The credit side amounts to £495. That is the value of what he has given. Subtract the lesser from the greater, the difference is £445. Add this amount to the lesser side to make the two sides equal, write the words "By Balance" against the amount, rule off the a/c., fill in the totals, and bring down the balance to the **opposite side** on the next day's date.

The Ledger account will now appear thus:—

<i>Dr.</i>				JOHN SMITH, LEEDS.				<i>Cr.</i>			
19—				19—							
Sept. 1	To Balance	B/d.	200	-	-	Sept. 4	By Cash		190	-	-
" 3	" Goods		250	-	-	" 4	" Discount		10	-	-
" 22	" "		180	-	-	" 7	" Horse		60	-	-
" 24	" "		120	-	-	" 8	" Barrows		20	-	-
" 29	" "		175	-	-	" 23	" Cash		200	-	-
" 30	" Cart ret'd.		15	-	-	" 26	" Cart		15	-	-
						" 30	" Balance	C/d.	445	-	-
			940	-	-				940	-	-
Oct. 1	To Balance	B/d.	445	-	-						

Observe the method of ruling off the a/c., the lines being on the same level. The diagonal line drawn across the blank space is to prevent any items being entered after the a/c. is balanced. B/d. means brought down, and c/d. carried down.

It will be seen that Smith has received more than he gave, and the balance when brought down appears on the Dr. side (called a debit balance). Smith is therefore my debtor—that is, he owes, on 1st October, £445.

If, on the other hand, the total credits of an a/c. exceeded the debits, the difference would be a credit balance, and in that case would be brought down to the credit side of the a/c.

You will notice the word "To" precedes each entry on the Dr. side, and the word "By" each entry on the Cr. side. When we post, for example, "To Goods," it indicates that the account (Smith) is indebted to goods, because Smith must be debtor to what he receives. Again, we say, "By Cash," because Smith must be creditor by what he gives.

Exercises.

1.

Alex. Brown's A/c.

19—.	£	s.	d.
Sept. 1. I owe him - -	100	10	-
„ 3. Bought goods of him	150	5	6
„ 4. He sold me goods	120	3	8
„ 7. Paid him - -	250	-	-
„ 10. Sold him goods -	310	15	3
„ 18. He bought goods	130	1	4
„ 19. Sold him goods -	135	3	8
„ 24. He paid me - -	180	-	-
„ 26. He sold me goods	205	6	5
„ 29. He returned goods	23	6	6
„ 30. Sold him goods -	161	3	4

2.

Wm. Carr's A/c.

19—.	£	s.	d.
Sept. 1. He owed me - -	200	5	6
„ 5. He paid me - -	180	10	-
„ 7. Bot. goods from him	120	3	4
„ 10. Sold him goods - -	66	10	5
„ 15. He bot. goods from me - - - -	200	1	4
„ 24. He paid me - -	120	-	-
„ 24. Allowed him discount	5	-	-
„ 28. Bot. a horse from him - - - -	30	10	-
„ 30. Sold him goods -	190	3	8

3.

Chas. Hall, London.

19—.	£	s.	d.
Octr. 1. He was my Dr. for	300	10	-
„ 3. Supplied him with goods - - - -	95	6	3
„ 5. Charged him car- riage - - - -	1	-	9
„ 7. Bot. goods from him	160	3	4
„ 9. He sold me goods	125	1	2
„ 10. He paid me - -	120	-	-
„ 15. He bought goods	163	1	9
„ 23. Sold him goods -	129	14	5
„ 23. Charged him pack- ing box - - - -	10	-	-
„ 26. Bot. goods from him	58	4	3
„ 27. He returns empty box	10	-	-

4.

Robt. Jones, Leeds.

19—.	£	s.	d.
Octr. 1. He deposited with me - - - -	200	-	-
„ 5. He bought goods-	118	5	6
„ 7. He paid me - -	110	-	-
„ 7. Allowed him disct.	8	5	6
„ 9. Sold him goods -	131	3	3
„ 10. He sent me cheque	125	-	-
„ 10. Allowed him disct.	6	3	3
„ 23. Sold him goods -	193	15	6
„ 23. I credit him ret'd. goods - - - -	10	5	-
„ 26. He paid me - -	190	-	-
„ 26. Allowed him disct.	10	15	-

5.

Andw. Muir, Glasgow.

19—.	£	s.	d.
Octr. 1. He owed me - -	300	15	6
„ 7. Recd. from him tea	131	5	1
„ 7. He charges carriage	2	10	-
„ 19. Sold him tea lead	4	5	6
„ 20. He paid me - -	140	10	-
„ 20. Sold him coffee -	155	3	4
„ 22. Charged carriage	1	15	-
„ 23. Bot. tea from him	96	1	9
„ 26. Sent him cash -	90	10	-
„ 27. Sold him goods -	153	10	4
„ 28. Bot. tea from him	97	8	6
„ 29. Returned tea to him	7	5	-
„ 31. I paid him - -	10	-	-

6.

Alf. Nairn, Hull.

19—.	£	s.	d.
Octr. 1. I was his Creditor for	150	6	6
„ 3. Bot. ink from him	75	4	8
„ 7. Sold him waste paper	10	8	3
„ 10. Bot. paper from him	95	10	-
„ 12. Charged back to him freight on same	3	5	-
„ 16. Chgd. him Advertis- ing - - - -	15	8	-
„ 23. Recd. credit note for ink returned to him	5	10	-
„ 26. Sent him cheque	100	-	-
„ 26. He alld. disct. -	2	10	-
„ 31. Bot. type from him	48	10	6

Exercises.

7.				8.			
Wm. Peters, London.				Geo. Roberts, Leeds.			
19—.		£	s. d.	19—.		£	s. d.
Novr. 2.	I owe him -	58	7 6	Novr. 2.	He is my Dr. for -	117	7 6
" 5.	He sells me a horse	40	- -	" 6.	Sold him furniture -	15	10 6
" 7.	Sent him cheque -	75	10 -	" 7.	He pays cheque -	50	10 -
" 9.	Bot. goods of him -	105	7 3	" 9.	He bought goods -	75	6 4
" 10.	I debit him goods			" 13.	He sold me a cycle -	12	15 -
	ret'd. - - - -	10	5 6	" 13.	He debits carriage -	-	6 6
" 14.	Sold him van - -	18	10 -	" 14.	I pay him - - -	12	13 -
" 16.	He pays cash - -	18	10 -	" 14.	He allows disct. -	-	8 6
" 16.	Alld. him discount -	-	10 -	" 21.	Sold him goods - -	98	6 9
" 20.	Sold him goods - -	95	15 3	" 24.	I credit goods ret'd.	5	15 -
" 23.	He returns goods -	5	3 -	" 28.	He pays cheque -	45	10 -
" 25.	Sent him cash - -	50	10 -	" 28.	Discount allowed -	2	7 6
" 27.	He bot. goods - -	43	7 7	" 30.	I lent him cash - -	100	- -
" 27.	I debit him carriage	1	7 6				

The Ledger.

REAL ACCOUNTS.

These are accounts of tangible property, such as Cash, Goods, Property, etc.

The rule is:—

Debit what is received.

Credit what is given.

Cash and Bank A/cs. are two of the most important accounts. The Cash A/c. keeps a check on the cashier, and by it you can ascertain at any time the amount of cash you should have in hand. It also shows you from whom or from what source cash has been received, and to whom, or for which account, payment has been made.

On the debit side of Cash A/c. you enter all monies received, and on the credit side all monies paid. Any money on hand at the time of opening the Cash A/c. is entered on the Dr. side, because if money is on hand it must have been received. The balance, if any, always falls to the Dr. side, because you cannot pay any more cash than you receive.

Trace the following transactions into the Cash A/c. below:—

19—						£	s.	d.
Sept. 1.	Cash on hand	-	-	-	-	20	10	0
" 2.	Paid salaries	-	-	-	-	5	15	0
" 3.	J. Smith paid	-	-	-	-	20	5	6
" 7.	Received from H. Daly	-	-	-	-	16	3	6
" 8.	Paid A. Bell	-	-	-	-	10	8	4
" 9.	Paid salaries	-	-	-	-	5	15	0
" 12.	Cash sales (goods sold for cash)	-	-	-	-	15	9	3
" 14.	Paid rent	-	-	-	-	8	10	0
" 18.	Cash purchases (goods bought for cash)	-	-	-	-	10	12	6
" 19.	Paid salaries	-	-	-	-	5	15	0
" 21.	H. Brown paid	-	-	-	-	20	5	0
" 23.	Paid R. More	-	-	-	-	15	1	3
" 28.	Cash sales	-	-	-	-	17	1	6
" 30.	Cash purchases	-	-	-	-	19	15	6

Dr.

CASH ACCOUNT.

Cr.

Date.	Received.	Fol.	Amount.			Date.	Paid out.	Fol.	Amount.		
19—						19—					
Sept. 1	To Cash in hand		20	10	-	Sept. 2	By Salaries		5	15	-
" 3	" J. Smith		20	5	6	" 8	" A. Bell		10	8	4
" 7	" H. Daly		16	3	6	" 9	" Salaries		5	15	-
" 12	" Cash Sales		15	9	3	" 14	" Rent		8	10	-
" 21	" H. Brown		20	5	-	" 18	" Cash p'chases,		10	12	6
" 28	" Cash Sales		17	1	6	" 19	" Salaries		5	15	-
						" 23	" R. More		15	1	3
						" 30	" Cash p'chases		19	15	6
						" 30	" Balance	C/d.	28	2	2
			109	14	9				109	14	9
Oct. 1	To Balance (Cash in hand)	B/d.	28	2	2						

If you add on a piece of paper the entries on the Dr. side, you will find cash has been received £109 14s. 9d. Place a piece of paper over the last entry "Balance" on the Cr. side, then add, and you will find the payments amount to £81 12s. 7d. Deducting same from £109 14s. 9d. leaves £28 2s. 2d., which amount is entered on the Cr. side to make both sides equal, and then brought down as shown to the opposite side as "Balance in hand."

The above account shows that cash has been received, over and above what has been paid, to the amount of £28 2s. 2d., and if you count the money in the cash-box it ought to agree with the above balance.

Exercises

9.

Cash A/c.

19—.	£	s.	d.
Sept. 1. Received of A. Bell -	50	10	-
„ 2. Paid G. Tyne -	10	12	6
„ 3. Paid postages -	1	15	6
„ 4. Cash sales -	10	5	3
„ 10. Recd. from W. Pope	20	7	2
„ 15. Paid wages -	7	5	6
„ 16. Cash sales -	10	5	9
„ 21. F. Barr paid -	10	10	6
„ 24. Cash purchases -	20	7	9
„ 30. Paid for wages -	7	10	-
„ 30. Cash sales -	10	3	8
„ 30. Paid rent -	10	10	-

10.

Cash A/c.

19—.	£	s.	d.
Sept. 1. Cash on hand -	20	10	-
„ 3. R. White paid -	16	5	3
„ 5. Paid wages -	10	4	6
„ 7. Recd. from T. Black	15	2	2
„ 8. Paid rent -	20	-	-
„ 9. Cash sales -	25	4	9
„ 10. Cash purchases -	5	3	-
„ 15. R. White paid -	17	18	3
„ 21. Cash purchases -	15	4	9
„ 25. Paid J. Green -	9	15	6
„ 30. Wages paid -	10	10	6
„ 30. Cash purchases -	5	7	6

11.

Cash A/c.

19—.	£	s.	d.
Octr. 1. Cash on hand -	70	15	3
„ 2. Paid for repairs -	2	5	6
„ 3. Cash sales -	30	10	6
„ 5. Cash purchases -	27	3	6
„ 6. Recd. of W. Kerr	25	-	-
„ 8. Paid carriage -	2	3	-
„ 10. Paid wages -	10	15	8
„ 15. G. Rule paid -	15	1	3
„ 23. Paid to A. Fry -	20	4	5
„ 28. H. Mair paid -	50	-	-
„ 29. Paid for coal -	1	5	-
„ 31. Cash sales -	10	3	4

12.

Cash A/c.

19—.	£	s.	d.
Octr. 1. Cash in the safe -	63	4	3
„ 5. R. Lloyd paid -	10	5	-
„ 7. Cash sales -	15	3	6
„ 8. Paid wages -	10	5	6
„ 10. Recd. of W. Rose	15	4	9
„ 12. Paid to G. Linn -	20	10	-
„ 17. Cash purchases -	5	8	-
„ 19. Paid rent -	15	10	-
„ 24. Cash sales -	4	9	6
„ 27. Recd. from G. Lyle	7	8	3
„ 28. Paid for horse -	25	-	-
„ 31. Paid wages -	10	7	6

13.

Cash A/c.

19—.	£	s.	d.
Novr. 2. Cash on hand -	77	5	-
„ 4. Recd. from R. Don	10	8	3
„ 5. Cash purchases -	7	9	6
„ 7. Paid Hall & Co.	20	5	-
„ 9. R. Ooe paid -	17	18	4
„ 12. Cash sales -	10	3	1
„ 14. W. Ford paid -	21	5	3
„ 19. Recd. of J. Hill -	5	14	-
„ 21. Paid A. R. Goldie	15	-	-
„ 23. Paid wages -	7	8	4
„ 25. Cash sales -	10	3	4
„ 30. Paid rent -	17	-	-

14.

Cash A/c.

19—.	£	s.	d.
Novr. 2. Cash in the till -	7	5	3
„ 3. Cash sales -	25	7	-
„ 5. V. Davis paid -	17	18	4
„ 9. Paid for coal -	1	5	-
„ 10. Cash purchases	10	7	2
„ 14. G. Eddy paid -	15	7	4
„ 17. Recd. of W. Glen	10	-	-
„ 19. Paid for wages -	15	7	9
„ 21. Cash sales -	9	8	4
„ 26. T. Firth paid -	17	1	6
„ 28. J. Hardy paid -	9	4	6
„ 30. Paid stationery -	2	7	6

Exercises.

15				16			
Cash A/c.				Cash A/c.			
19—		£	s. d.	19—		£	s. d.
Decr. 1.	Cash in office -	50	- -	Decr. 1.	Cash in hand -	71	2 6
„ 3.	R. Edgar paid -	23	7 6	„ 4.	Recd. of B. Kent -	15	1 4
„ 5.	Recd. of W. Lea -	10	5 -	„ 7.	Paid for goods -	10	5 -
„ 7.	Cash sales -	8	7 4	„ 9.	Cash sales -	5	6 4
„ 9.	Paid Rent -	10	5 6	„ 12.	C. Moss paid -	15	6 3
„ 12.	Cash purchases -	15	3 9	„ 15.	Paid Wages -	10	8 6
„ 15.	J. Thom paid -	7	5 2	„ 18.	Cash purchases -	7	9 -
„ 19.	Paid wages -	10	17 -	„ 21.	R. Logan paid -	3	8 -
„ 21.	A. Page paid -	5	7 4	„ 22.	Recd. from W. Orr -	10	17 4
„ 28.	Paid for Goods -	8	7 6	„ 24.	Paid R. Scott -	5	7 -
„ 29.	J. Swift paid -	3	9 -	„ 28.	G. Law paid -	11	11 -
„ 31.	Cash Sales -	12	6 7	„ 31.	Paid wages -	10	12 6

Bank Accounts.

Most traders nowadays lodge their money in the bank, and only keep in the office sufficient cash to meet petty expenditure.

When we place money on current account with our bankers, we may draw upon same without giving notice, by means of cheques.

This is a convenience and safeguard, for if we want to pay money to a firm in another town we can send a cheque on our banker instead of remitting cash, and on their presenting the cheque our banker will pay them the cash for us.

Any cheques we receive, no matter on what bank they may be drawn, our banker will collect for us and credit our account.

On opening a banking account (paying the first money in), the banker requires us to sign the signature book, because a banker must know his customer's signature. Should he pay a cheque on a forged signature, the loss falls ordinarily on him unless it can be shown that the customer has, by carelessness, contributed to the forgery. A Bank Pass Book is provided, and this will contain a copy of the account in the bank ledger. The pass book should be frequently left at the bank to be written up.

The banker will also supply paying-in slips and a cheque book, charging us only the stamp duty—twopence per cheque.

In keeping the Bank A/c., we debit it with all monies we pay in or which it receives on our behalf, and credit it with all monies withdrawn or which it pays to our order.

Below is the ruling of the Bank A/c. in the ledger:—

THE UNION BANK.

<i>Dr.</i>	Current A/c.						<i>Cr.</i>
Enter on this side all money received by the bank and any interest they allow us.						Enter on this side all money paid on our behalf by the bank and all charges they make for working the a/c.	

If we have more cash on hand than is required, we may lodge some in our current a/c. at the bank, thus removing the cash from the care of the cashier to the care of our banker. The control of the cash, however, remains with us, the banker simply acting as our agent, and paying out to our order. If there is a larger balance in the current a/c. than is really necessary, the surplus can be placed on "Deposit A/c.," which bears interest varying with the bank rate, or the Deposit interest may be arranged with the banker. When we send money to the bank, it is simply a transfer from the Cash A/c. to the Bank A/c., and not as though we paid money away to an outsider, hence when transferring the cash to the bank we make an entry both in the Cash and Bank A/cs. Cash is given; we, therefore, credit the Cash A/c. The bank receives; therefore debit the Bank A/c.

If we run short of cash in the office, we can draw from the bank, and in that case cash would be received, and the bank would give, therefore we debit Cash A/c. and credit Bank A/c. Two entries for one sum: this is Double Entry, and later you will learn that each transaction has two entries in the books—a debit one and a credit one.

The balance of the Bank A/c., unlike the Cash A/c., can be either a debit or a credit balance, for we can arrange an **OVERDRAFT** with our bankers.

From the following list of transactions follow the entries in the Cash and Bank A/cs. underneath:—

19—						£	s.	d.
Sept. 1.	Cash at Office	...	...	...	...	50	0	0
„ 1.	Cash at Bank	...	...	...	...	500	0	0
„ 5.	Cash Sales	...	...	...	...	80	5	6
„ 5.	Banked	...	...	...	...	60	0	0
„ 14.	Paid wages, cash	...	...	...	...	20	5	9
„ 16.	Received cheque from E. Roe	...	...	...	...	60	7	4
„ 19.	Drew cheque for rent	...	...	...	...	80	3	0
„ 21.	Cash sales	...	...	...	...	70	7	6
„ 21.	Sent cash to bank	...	...	...	...	50	0	0
„ 23.	Paid H. Clay cash	...	...	...	...	10	7	3
„ 23.	H. Briggs sent cheque	...	...	...	...	25	5	0
„ 23.	Cash purchases	...	...	...	...	20	7	6
„ 26.	Cash sales	...	...	...	...	60	3	3
„ 26.	Sent to bank	...	...	...	...	80	0	0
„ 30.	Gave W. Evans cheque	...	...	...	...	160	5	4

Note.—All cheques paid into bank same day.

<i>Dr.</i>				CASH A/c.				<i>Cr.</i>			
19—				19—							
Sept. 1	To Bal. in hand		50	-	-	Sept. 5	By Bank		60	-	-
„ 5	„ Cash sales		80	5	6	„ 14	„ Wages		20	5	9
„ 21	„ Cash sales		70	7	6	„ 21	„ Bank		50	-	-
„ 26	„ Cash sales		60	3	3	„ 23	„ H. Clay		10	7	3
						„ 23	„ Purchases		20	7	6
						„ 26	„ Bank		80	-	-
						„ 30	„ Balance	C/d.	19	15	9
			260	16	3				260	16	3
Oct. 1	To Balance	B/d.	19	15	9						

				BANK A/c.							
Sept. 1	To Balance		500	-	-	Sept. 19	By Rent		80	3	-
„ 5	„ Cash		60	-	-	„ 30	„ W. Evans		160	5	4
„ 16	„ E. Roe		60	7	4	„ 30	„ Balance	C/d.	535	4	-
„ 21	„ Cash		50	-	-						
„ 23	„ H. Briggs		25	5	-						
„ 26	„ Cash		80	-	-						
			775	12	4				775	12	4
Oct. 1	To Balance	B/d.	535	4	-						

The above accounts show us that we should have £19 15s. 9d. in the office and £535 4s. at our bankers.

Note.—The bold type shows the corresponding double entry—Cash to bank.

Exercises.

Cash and Bank A/cs.

17		18	
19—		19—	
Sept. 1.	Cash at bank - - - £560	Sept. 1.	Cash at bank - - - £310
" 1.	Cash in Office - - - 44	" 1.	Cash in office - - - 10
" 5.	Paid G. Aird cash - - - 10	" 7.	A. Lee paid cash - - - 5
" 5.	Cash Sales - - - 120	" 9.	R. May paid cheque - - - 73
" 10.	Banked - - - 100	" 14.	Drew cash from bank - - - 15
" 15.	Recd. from A. Don cheque - - - 245	" 21.	Paid Wages cash - - - 20
" 18.	Paid rent by cheque - - - 86	" 22.	Paid A. Pott cheque - - - 68
" 21.	Paid R. Hay by cheque - - - 90	" 26.	Cash sales - - - 115
" 23.	Cash purchases - - - 40	" 28.	Cash banked - - - 60
" 25.	Cash sales - - - 160	" 29.	Bot. goods for cash - - - 10
" 25.	Sent cash to bank - - - 60	" 30.	Cash sales - - - 23
		" 30.	Banked - - - 50

19		20	
19—		19—	
Oct. 1.	Cash on hand - - - £120	Oct. 1.	Cash at Bank - - - £700
" 3.	Sent to bank - - - 100	" 1.	Cash in the safe - - - 25
" 5.	A. Gill paid cheque - - - 85	" 7.	Bot. Goods for cash - - - 15
" 7.	Bot. stamps cash - - - 2	" 8.	Sold horse for cash - - - 18
" 12.	Cash sales - - - 43	" 12.	Paid wages cash - - - 13
" 16.	Paid cash for horse - - - 26	" 17.	Drew from bank - - - 20
" 19.	Banked - - - 20	" 19.	Paid wages cash - - - 12
" 24.	Recd. of G. Ash cash - - - 25	" 20.	R. Cook paid cheque - - - 75
" 26.	Bot. Goods cheque - - - 15	" 22.	Paid G. Dove cheque - - - 48
" 28.	Drew for rent cheque - - - 10	" 24.	Ready money sales - - - 23
" 29.	A. Pott paid cheque - - - 78	" 29.	Paid into bank - - - 20
" 31.	Bank debits charges - - - 2	" 31.	Bank credit us interest - - - 1

Cash and Bank A/cs.

NOTE.—All Receipts and Payments over £10 are passed through the Bank.

21		22	
19—		19—	
Novr. 2.	Cash in bank - - - £ 90 7 3	Novr. 2.	Cash in bank - - - £ 85 6 3
" 2.	Cash in till - - - 17 13 4	" 2.	Cash in office - - - 15 10 4
" 7.	Paid A. Clive - - - 9 5 3	" 7.	R. Dean paid - - - 9 10 5
" 9.	Drew from bank - - - 20 - -	" 10.	Paid W. Cook - - - 8 7 5
" 9.	Paid salaries - - - 15 10 6	" 11.	Drew from bank - - - 15 - -
" 14.	R. Danks paid - - - 27 6 6	" 16.	Paid rent - - - 9 10 0
" 17.	Ready money sales - - - 8 7 4	" 21.	Cash sales - - - 4 - -
" 21.	Bot. office fittings - - - 5 7 3	" 23.	Bot. stamps - - - 2 5 5
" 24.	Paid for stationery - - - 11 7 5	" 25.	Paid to bank - - - 15 - -
" 26.	Bank debits cheque book - - - 1 - -	" 27.	A. Eddy paid - - - 73 8 6
" 30.	Cash purchases - - - 11 5 -	" 30.	Drew from bank - - - 12 - -
" 30.	Lodged in bank - - - 18 10 -	" 30.	Paid wages - - - 9 6 6
		" 30.	R. Cook paid cheque - - - 75 -

23.		£	s.	d.	24.		£	s.	d.
19—.					19—.				
Decr. 1.	Cash in hand	93	4	6	Decr. 1.	Cash in bank	85	10	6
„ 1.	Paid into bank	70	-	-	„ 1.	Cash in office	21	5	8
„ 5.	W. Ross paid	27	8	3	„ 4.	Paid into bank	10	-	-
„ 7.	Paid W. Peel	19	4	3	„ 7.	Cash purchases	23	7	4
„ 10.	Bot. sundries	4	5	6	„ 12.	Paid W. Mills	71	2	6
„ 14.	Cash sales	19	3	6	„ 16.	W. Lord paid	69	8	4
„ 18.	Drew from bank	20	-	-	„ 17.	Ready money sales	7	5	3
„ 18.	Paid salaries	9	4	6	„ 21.	Paid for freight	1	10	6
„ 21.	Paid G. Lyon	2	8	3	„ 24.	Recd. from W. Lord	9	15	6
„ 28.	Cash sales	9	4	4	„ 28.	Paid into bank	10	-	-
„ 28.	Paid into bank	12	-	-	„ 31.	Drew from bank	15	-	-
„ 31.	Bank Cr. interest	1	7	5	„ 31.	Paid wages	9	10	6

Banking.

The business of a bank consists of keeping current accounts for customers, receiving deposits on which interest is allowed, discounting and negotiating bills of exchange, making advances and accepting bills on security, issuing bank notes (if possessing the power), and acting as agents.

A banker's profit is chiefly derived from the discounting of bills, interest on loans, overdrafts and investments, commission received for accepting bills, and acting as agent.

For keeping customers' current a/cs. bankers, in the provinces, usually make a charge of $\frac{1}{4}$ th (2s. 6d.) per cent. on the turnover of the a/c.

London bankers, as a rule, make no charge for managing current a/cs., but they require a credit balance to be maintained to make the a/c. remunerative. In Scotland no charge is made for keeping current a/cs., but a commission is charged for collecting all cheques other than London or local.

The advantages of a banking account are:—

You can pay your a/cs. by cheque, and avoid the risk of keeping cash in the office and the trouble of counting out money.

Cheques may be produced as vouchers in proof of payment should disputes arise.

When interest is allowed, you are paid by the bank for the use of the money.

Cheques, bills, etc., which you receive, wherever they may be payable, will be collected for you and credited to your a/c.

If you are in need of money, you may, on providing proper security, obtain a loan or overdraft, or you may discount (i.e., sell to the bank) your bills of exchange and receive cash for same, less a small charge for discounting.

Valuables, deeds, etc., may be deposited with the bank for safe custody.

Bills payable by you may be “domiciled” (i.e., made payable) at your banker's, and, if duly instructed, debited to your a/c., thus

avoiding the trouble of paying cash to another banker who would not accept your cheque in payment of a bill held by him. In England it is the practice to make bills payable at a Bank in London, as it saves collecting commission.

You may enquire through your banker as to the status of your customers, and you can refer to your banker as to your own standing.

When lodging money in the bank, it is necessary to fill up

A Pay-in Slip.

PAYMENT TO CREDIT OF CURRENT ACCOUNT.

Specification of Money.

	£	s.	d.	
Bank Notes - -				Leeds, 19.....
Gold - - - -				
Silver and Copper - -				
Country Notes - -				Paid to the credit of
CHEQUES				-----
Own - - - -				
on London - -				With the Union Bank, Ltd,
Country - - -				
Local and P.O.'s -				By.....
Scotch and Irish -				
Bills of Exchange -				

Bank notes are those issued by the Bank of England. Other notes are termed country notes.

Paying-in slips are not all alike, every bank having a form of its own somewhat similar to the above.

When money is paid in, the banker retains the slip and initials the counterfoil, or the bank pass book, as record of payment.

FORM OF BEARER CHEQUE.

£100 : 0 : 0

William Jones.

14th May, 19...

No. A. 561



£100 : 0 : 0

The National Bank of London, Ltd.,
Strand, London.

Pay to William Jones

One Hundred Pounds

No. A. 561.

London, 14th May, 19...

or bearer

John Smith.

STAMP

2d.

A cheque is defined as a Bill of Exchange, and is known in practice as an order upon a banker for the payment of a certain sum of money, payable on demand to, or to the order of, a specified person or to bearer.

In England (C) is printed on all country cheques to distinguish from (M) metropolitan and (T) town (i.e., London) cheques, which facilitates handling in the Clearing-House.

Bankers supply two forms of cheques, viz.:—

“To Order” and “To Bearer.”

The parties to a cheque are:—

Drawer—the person who signs the cheque.

Drawee—the banker on whom it is drawn.

Payee—the person to whom it is payable.

In the foregoing example Smith is the drawer, the National Bank of London, Ltd., London, is the drawee, and the payee is William Jones.

A cheque must be signed by the drawer, dated, the name of the payee inserted, and the amount must be stated in words as well as in figures.

In writing a cheque, begin as near the left-hand margin as possible to prevent the insertion of any larger amount.

The date should be that on which it is drawn, although a cheque may be ante-dated, post-dated, or dated on a Sunday.

A post-dated cheque would not be paid until the date it bears.

If a person receives an undated cheque, he may insert the date he thinks true.

The person to whom a cheque is made payable must sign his name across the back of the cheque (called endorsement).

Cheque books are only supplied to the order or personal application of a principal, and should be kept under lock.

The body of the cheque should be written by the customer, or by some one authorised by him with whose writing the banker is acquainted. The counterfoil should always be filled in for reference.

Endorsement.—A cheque payable “to bearer” is payable to anyone presenting it at the bank, and does not require to be endorsed, but the banker sometimes asks for endorsement as evidence of identity.

A cheque payable “to order” must always be endorsed by the payee before it can be negotiated or cashed.

A cheque payable to John Smith or order if endorsed:—

John Smith,

would be termed a “general” or “blank” endorsement. It does not state who is to be the next “holder,” and the cheque may pass from hand to hand without further endorsement.

If, instead of banking the cheque, Smith wishes to pay it over to another person, he may endorse thus:—

Pay Alfred White or order.

John Smith.

This would be called a "special" endorsement, and Alfred White must also endorse the cheque before parting with it, as it is specially endorsed to him.

Pay Alfred White only.

John Smith.

is a "restrictive" endorsement, which prevents further negotiation—i.e., White cannot transfer the cheque to any other party except his banker for collection.

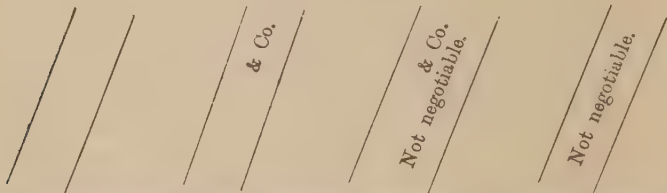
Crossed Cheques.—When a cheque is not crossed, it is called an "open cheque," and you may obtain cash for same from the banker on whom it is drawn.

In practice nearly all cheques are crossed as a protection against fraud.

With a crossed cheque, you cannot obtain cash over the counter. The banker on whom it is drawn must only pay it to some other banker. The person receiving such a cheque must therefore hand it over to his banker, who will collect it for him, and place the amount to the credit of his a/c. If he has no bank a/c., he should pay it for collection to some friend who has one, because bankers, as a rule, only collect for customers.

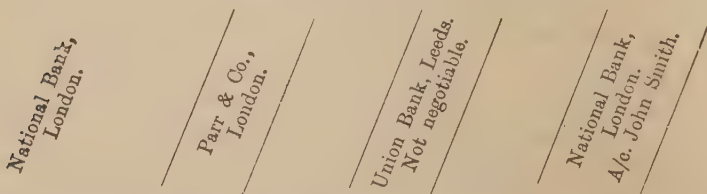
A cheque is said to be crossed "generally" when two parallel transverse lines are drawn across the face of the cheque, either with or without the words "& Co.," "Not negotiable," etc.

General Crossings.



A cheque is said to be crossed "specially" when the name of a banker is written across, with or without parallel lines.

Special Crossings.



The words "Not negotiable," without the lines or the name of a bank, do not constitute a crossing.

When a cheque is crossed "specially," the banker on whom it is drawn must only pay it to the banker with whose name it is crossed. If you draw a cheque, for example, on the Union Bank, Leeds, and cross it National Bank, London, you are instructing your banker (the Union Bank, Leeds) to pay the cheque only through the National Bank, London. As an additional precaution, sometimes cheques are specially crossed to an a/c. at a particular bank, e.g., "National Bank, London. A/c. John Smith." In this case you are directing the cheque to be placed to the credit of John Smith's a/c. at the National Bank, London.

On the statement and invoice forms of many firms directions are given as to remittances by cheque, which should be crossed to their bankers, and these special crossings afford absolute security, because, if a cheque is lost, it is of no use to anyone.

Cheques become "stale" or out of date if kept too long. It is advisable always to bank a cheque as early as possible, as the drawer, or even the banker, might fail. Some banks will not cash a cheque six months old unless verified by the drawer. When foreign cheques are received in this country, a 2d. postage stamp must be affixed and cancelled.

Not Negotiable.—Cheques marked thus are transferable as easily as if the words were not there, but not negotiable carries certain legal restrictions. In technical language this crossing means that "where a person takes such a cheque, he shall not have, and shall not be capable of giving, a better title to the cheque than that which the person from whom he took it had." In other words, if the cheque gets into wrong hands, the holder must prove that the party who gave it to him had a good title to it—i.e., he received it in a legal and honest manner.

Suppose a cheque crossed not negotiable goes astray or is lost by Smith, and is found by one Brown, who hands it over to Green in exchange for goods purchased. Green (who may have banked the cheque) had no title to it, because he received it from a person who had no title—being stolen by Brown—and Green may be compelled to refund the money to the true owner, Smith.

Not negotiable, therefore, acts as a warning not to accept such cheques from strangers.

Stopped Cheques.—Payment of a cheque may be stopped by instructions from the drawer, or by notice of his death or bankruptcy.

Dishonoured Cheques.—Occasionally cheques are returned unpaid by bankers. If the customer's funds are insufficient, it would be returned marked R/d. (refer to drawer), or N/s. (not sufficient funds). A cheque also is liable to be returned "not in order" if the words and figures differ.

Goods A/c. (See also page 56.)

Being an a/c. of property, something which actually exists, Goods A/c. falls under the category of "Real A/cs."

The rule applies:—

Debit what is received.

Credit what is given.

Any goods on hand will be placed on the **Debit** side, because they have been received, and all goods added to the goods on hand will be debited, whether bought on credit or for cash, or returned by customers.

Goods taken or sent away will be placed on the **Credit** side, whether the goods are sold on credit, for cash, or are returned by us to the persons from whom received.

Any undercharge on goods sold will be placed on the credit side, and any overcharge on the debit side of Goods A/c.

Let us imagine that on

19—

Sept. 1.	There are goods in stock, value	-	-	-	-	-	£50
„ 2.	Bought goods from J. Smith	-	-	-	-	-	10
„ 3.	Cash sales	-	-	-	-	-	15
„ 13.	Returned to J. Smith, goods	-	-	-	-	-	2
„ 13.	Cash purchases	-	-	-	-	-	10
„ 13.	Bought goods from W. Danks	-	-	-	-	-	20
„ 14.	Sold to E. Brown, goods	-	-	-	-	-	21
„ 14.	E. Brown wrote complaining of goods poor quality, and we made an allowance	-	-	-	-	-	2
„ 25.	Sold goods to A. Grant	-	-	-	-	-	20
„ 25.	E. Brown retd. to us, goods	-	-	-	-	-	6
„ 27.	Cash sales	-	-	-	-	-	23
Sept. 1.	Goods on hand, these must have been received—Debit Goods A/c.						
„ 2 and 13.	Goods coming in—Debit Goods A/c.						
„ 13.	Goods bot. for cash—Debit Goods A/c.						
„ 14.	Allowance decreasing the value of goods sent out—Debit Goods A/c.						
„ 25.	Brown returned goods to us, goods come in—Debit Goods A/c.						
„ 3 and 27.	Cash sales, goods going out—Credit Goods A/c.						
„ 14 and 25.	Sold goods, going out—Credit Goods A/c.						
„ 13.	Returning goods, going out—Credit Goods A/c.						

Ledger.

Dr.

GOODS A/c.

Cr.

Date.	Goods coming in.				Date.	Goods going out.			
19—					19—				
Sept. 1	To Goodson hand	50	-	-	Sept. 3	By Cash	15	-	-
" 2	" J. Smith	10	-	-	" 13	" Returns	2	-	-
" 13	" Cash	10	-	-	" 14	" E. Brown	21	-	-
" 13	" W. Danks	20	-	-	" 25	" A. Grant	20	-	-
" 14	" Allowance	2	-	-	" 27	" Cash	23	-	-
" 25	" Returns	6	-	-					

On the debit side we have £96 for goods received, also an allowance which we made of £2—total, £98.

On the credit side we find that goods to the value of £81 have been sent out.

A trader rarely disposes of all the goods he has bought. He invariably has a portion left, so stock is taken, and the goods are valued, not at the selling price, but at cost, less a deduction for depreciation. We shall assume that the value of the goods on hand, on 30th September, is £40. This sum is placed on the credit, or outgoing, side. We have now £98 on the debit side, and £121 on the credit side—a difference of £23. This sum represents the profit on the transactions, and, to balance the a/c., we place £23 on the debit side, and rule off as usual.

The value of the goods on hand is always brought down to the debit side on the date of the next working day.

The account in the Ledger will now appear as follows:—

Dr.									Cr.
19—					19—				
Sept. 1	To Goodson hand	50	-	-	Sept. 2	By Cash	15	-	-
" 2	" J. Smith	10	-	-	" 13	" Returns	2	-	-
" 13	" Cash	10	-	-	" 14	" E. Brown	21	-	-
" 13	" W. Danks	20	-	-	" 25	" A. Grant	20	-	-
" 14	" Allowance	2	-	-	" 27	" Cash	23	-	-
" 25	" Returns	6	-	-	" 30	" Goods on hand	40	-	-
" 30	" Profit	23	-	-					
		121	-	-			121	-	-
Oct. 1	To Goodson hand	40	-	-					

The profit is taken to the credit side of the Profit and Loss A/c. thus:—

Dr.	PROFIT AND LOSS A/c.										Cr.
					19— Sept. 30	By Profit on goods				23	-

Had the debit side of Goods A/c. been greater than the credit, it would have shown that the goods had cost more than we received for them, and the loss would have been placed on the credit side and brought down to the debit of Profit and Loss A/c.

In any case, the value of the goods on hand is always brought down as a debit balance of Goods A/c.

Exercises.

25.					26.				
19—.					19—.				
Sept. 1.	Goods on hand	.	.	£100	Sept. 1.	Stock in hand	.	.	£300
„ 3.	Cash sales	.	.	45	„ 4.	Bot. of R. Don goods	.	.	150
„ 5.	Sold R. Hay goods	.	.	30	„ 7.	Cash purchases	.	.	65
„ 7.	Bot. of E. Davy goods	.	.	25	„ 8.	Sold W. Orr goods	.	.	75
„ 10.	Cash purchases	.	.	75	„ 10.	Cash sales	.	.	68
„ 12.	A. Cook sold us goods	.	.	60	„ 11.	Sold A. Roe goods	.	.	80
„ 13.	Retd. goods to E. Davy	.	.	10	„ 13.	Bot. of C. Rae goods	.	.	90
„ 14.	Cash sales	.	.	46	„ 14.	Retd. goods to C. Rae	.	.	12
„ 15.	Goods on hand	.	.	150	„ 15.	Goods on hand	.	.	400

27.					28.				
19—.					19—.				
Oct. 1.	Goods on hand	.	.	£300	Oct. 1.	Goods on hand	.	.	£600
„ 3.	Cash sales	.	.	65	„ 3.	Bot. of Gee & Co.	.	.	155
„ 5.	E. Lees bought goods	.	.	40	„ 6.	Sold Roe & Co.	.	.	250
„ 6.	Cash purchases	.	.	95	„ 7.	Cash sales	.	.	75
„ 7.	Sold goods to R. Fox	.	.	110	„ 9.	A. Neil bot. goods	.	.	90
„ 9.	Cash sales	.	.	45	„ 10.	Cash purchases	.	.	10
„ 12.	Bot. goods of G. Eddy	.	.	95	„ 12.	Bot. goods of Don & Co.	.	.	68
„ 14.	Cash purchases	.	.	80	„ 13.	Cash sales	.	.	25
„ 14.	Recd. Cr. note from G. Eddy for faulty goods	.	.	10	„ 13.	Sent a Dr. note to Gee & Co. for shortage	.	.	5
„ 15.	Cash sales	.	.	90	„ 14.	Cash purchases	.	.	60
„ 15.	Stock in hand	.	.	250	„ 15.	Stock in hand	.	.	500

19—.	29.	
Novr. 2.	Stock in hand	£95
" 3.	Cash sales	40
" 4.	Bot. goods of R. Ford	97
" 6.	R. East bot. goods	57
" 9.	Cash purchases	10
" 10.	Bot. of W. Hogg goods	50
" 11.	Cash sales	15
" 12.	Retd. goods to W. Hogg	5
" 13.	Sold goods to R. Ford	45
" 14.	Cash purchases	10
" 14.	Made allowance to East	4
" 16.	Goods on hand	90

19—.	31.	
Decr. 1.	Goods on hand	£80
" 2.	Bot. of E. Fay, goods	73
" 3.	Cash sales	17
" 7.	E. Fay sold us goods	70
" 8.	Cash purchases	15
" 9.	Retd. E. Fay, goods	10
" 10.	Sold W. Don goods	93
" 12.	Allowed Don shortage	3
" 14.	Cash sales	24
" 14.	Recd. goods from W. Rae	40
" 15.	Cash purchases	10
" 15.	Stock in hand	135

19—.	30.	
Novr. 2.	Goods on hand	£110
" 3.	Cash purchases	15
" 5.	Sold goods to J. Neil	75
" 7.	Recd. goods from R. Day	40
" 9.	Sold goods to A. Fox	70
" 10.	Cash sales	15
" 11.	Retd. goods to R. Day	5
" 12.	J. Neil retd. goods	10
" 13.	Cash purchases	17
" 13.	R. Day made an allow- ance on goods	3
" 16.	Goods on hand	55

19—.	32.	
Decr. 1.	Stock in hand	£96
" 3.	Sold A. Cain goods	30
" 4.	Cash sales	12
" 5.	Bot. from W. Dee goods	58
" 7.	Cash purchases	70
" 8.	Sold W. Cook goods	57
" 10.	Made him allowance	4
" 11.	W. Dee credits us goods	5
" 12.	Cash sales	18
" 14.	W. Dee sold us goods	70
" 15.	Retd. him goods	10
" 15.	Stock in hand	200

It is usual when ordering goods to use a form of Order Book which is printed with interleaved duplicate sheets, and a record of the order issued is taken by a carbon sheet.

When the goods are received the order is compared with the invoice and marked off.

FORM OF AN ORDER BOOK (OUTGOING ORDERS).

ORDER. No. 25

From J. SMITH & Co., ENGINEERS, HULL.

To M Date 19

Please supply, carriage paid, the following:—

Signed

No goods to be supplied without official order. Receive note should accompany goods, and Invoice must be delivered following day. The order No. must be quoted.

When orders are received from customers, full particulars of same should be entered into a book called "Inwards Order Book," ruled to suit the nature of the business. When the goods are despatched, the order should be compared with the entry in the sales book and checked off. The folio of the sales book and date of despatch should be inserted in the order book.

AN INVOICE FORM.

EMPIRE WORKS,
CARLISLE, 4th Sept., 19—.

*Messrs. Gee & Co.,
7 Dale Street, Hull.*

Bought of Thom & Co.

Terms, 2½ % one month.

		£	s.	D.
5 Gas Brackets,	5/	1	5	-
4 " Pendants,	18/	3	12	-
12 Globes,	1/6	-	18	-
Less 20 % (trade) discount,		5	15	-
		1	3	-
1 Case,		4	12	-
		-	3	-
Order No. 5,		4	15	-
Per Mid. Ry., carr. paid,				

Trade discount is an allowance made to wholesale buyers, who sell the goods over again, and is always deducted from the invoice. The rate of discount varies from 10 to 50 or 60 per cent. according to the particular trade.

All goods received should be examined on receipt, and weighed or counted, and the invoice checked.

A rubber stamp may be used for stamping the invoices, and each party to the checking should add his initials.

Qty. checked by Prices checked by

Extensions checked by Invoice passed by

When goods are sold, an invoice should be sent at once to the buyer.

If an invoice is found to be incorrect, it should be retained and the seller notified, and he will either send a corrected invoice, cancelling the other, or a credit note for the overcharge.

Nominal A/cs.

Nominal A/cs. belong to the impersonal class, and are accounts dealing with Expenses, Losses and Profits.

The rule is :—Debit Losses.

Credit Gains.

The items generally comprise the expenditure incurred in earning a profit, such as interest on money borrowed, commission paid for obtaining orders, rent, rates and taxes of business premises, depreciation and repairs on plant, premises, etc., wages paid to those who are engaged on productive work, salaries of office staff and those who manage and generally distribute the goods, insurance, discounts allowed and received, carriage inward and outward, bad debts, etc.

The a/cs. of trade expenses, repairs, wages, bad debts, etc., are invariably Dr. balances.

Rent, interest, commission and discount a/cs. may either show a Dr. or a Cr. balance, as we can receive as well as pay rent, interest, commission and discount.

When the nominal a/cs. are properly classified and arranged, it enables a trader to see how the business is progressing, how the profits are earned, and what departments are profitable and worth developing or otherwise.

The information afforded by the expense a/cs. allows of a check being put on any extravagance or waste which otherwise might be undetected.

On balancing the books periodically, we transfer the balance of these a/cs. of expenditure and income to the Profit and Loss A/c. in order to show the final result of the trading.

All expenses or losses, are according to rule, carried to the debit and all gains to the credit of Profit and Loss A/c.

When all these accounts representing income and expenditure have been transferred, the Profit and Loss A/c. will contain a summarised record of the gains and losses, and the difference between the Dr. and Cr. side will be the profit or the loss made for the period.

The balance of the Profit and Loss A/c. is transferred to the Capital A/c.; if a gain, to the credit side, as the proprietor's capital will be increased by the amount gained ; if a loss to the Dr. side, as the capital will be decreased by the amount of the loss.

Let us go over the posting of the following transactions into the Ledger :—

19—Sept.	1.	Capital, A. Hunt,	...	...	...	...	£500
	2.	Paid A. Gow interest,	...	...	...	...	30
	5.	Carriage on Goods,	...	...	...	...	5
	9.	Paid rent, ...	...	...	...	...	20

Nominal Ac/s.

19—									
Sept. 12.	Paid wages	...	...	...	...	...	...	£50	
„ 14.	Bought stamps	...	...	...	...	...	...	2	
„ 14.	Paid salaries	...	...	...	...	...	...	10	
„ 15.	Bought paper	...	...	...	...	...	...	3	
„ 17.	Paid for cleaning	...	...	...	...	...	...	1	
„ 21.	Allowed B. Roe disct.	...	...	...	...	...	...	6	
„ 25.	L. Glen paid interest	...	...	...	...	...	...	12	
„ 28.	Wrote off Brown's a/c. as bad	...	...	...	...	...	...	90	
„ 29.	A. Dee allowed disct.	...	...	...	...	...	...	35	
„ 29.	Received rent	...	...	...	...	...	...	25	
„ 30.	Recd. an a/c. £20 from G. Owen, previously written off bad,	...	...	...	...	...	...	20	
„ 30.	Profit on goods,	...	...	...	...	...	...	200	

Dr.

DISCOUNT AND INTEREST.

Cr.

19—			19—		
Sept. 2	To Gow, - - -	£30	Sept. 29	By Glen, - - -	£12
„ 21	„ Roe, - - -	6	„	„ Dee, - - -	35
„ 30	„ Transfer to P. & L. A/c. - - -	11			
		<u>£47</u>			<u>£47</u>

TRADE EXPENSES.

Sept. 5	To Carriage, - - -	£5	Sept. 30	By Transfer to P. & L. A/c. - - -	£11
„ 14	„ Stamps, - - -	2			
„ 15	„ Paper, - - -	3			
„ 17	„ Cleaning, - - -	1			
		<u>£11</u>			<u>£11</u>

WAGES.

Sept. 12	To Cash, - - -	£50	Sept. 30	By P. & L. A/c. - - -	£50
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SALARIES.

Sept. 14	To Cash, - - -	£10	Sept. 30	By P. & L. A/c. - - -	£10
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*Dr.***RENT.***Cr.*

Sept. 9	To Cash - - -	£20	Sept. 29	By Cash - - -	£25
" 30	" P. & L. A/c. - -	5			
		<u>£25</u>			<u>£25</u>

BAD DEBTS.

Sept. 28	To Brown - - -	£90	Sept. 30	By Owen - - -	£20
			" 30	" P. & L. A/c. - -	70
		<u>£90</u>			<u>£90</u>

PROFIT AND LOSS A/c.

Sept. 30	To Expenses - - -	£11	Sept. 30	By Goods - - -	£200
" 30	" Wages - - -	50	" 30	" Dis. & int. - -	11
" 30	" Salaries - - -	10	" 30	" Rent- - -	5
" 30	" Bad debts - - -	70			
" 30	" Net Profit to Cap. A/c.	75			
		<u>£216</u>			<u>£216</u>

CAPITAL A/c.

		Sept. 1	By Balance - - -	£500
		" 30	" P. & L. A/c., net profit	75
				<u>£575</u>

Exercises on Nominal A/cs.

33.

Open A/cs. for Capital, Trade Exps.
Int. & Discount, Wages, P. & Loss.

19—.

Sept. 1.	Capital - - -	£800
" 3.	Bot. stationery - - -	25
" 7.	A. Gee alld. disct. - -	10
" 8.	Paid carriage - - -	6
" 10.	Petty expenses - - -	8
" 11.	Paid wages - - -	12
" 12.	Recd. interest - - -	10
" 14.	Postages - - -	1
" 15.	Paid A. Gee interest -	15
" 16.	Profit on goods - - -	80

34.

Open A/cs. for Capital, Bad Debts.
Salaries, Trade Exps., Dis., P. & Loss

19—.

Sept. 1.	Capital - - -	£700
" 2.	Paid salaries - - -	10
" 5.	Bad debt, Don's a/c. -	30
" 9.	Paid commission - -	5
" 12.	Recd. disct. from Rae -	15
" 14.	Paid clerks' tea money -	1
" 14.	Paid office cleaner - -	2
" 15.	Recd. a bad debt previously written off -	10
" 16.	Profit on goods - - -	65

Exercises on Nominal A/cs.

35.

Open A/cs. for Capital, Int. & Dis., Rent & Rates, Salaries, Trade Exps., P. & Loss.

19—.	
Oct. 1. Capital - - -	£900
„ 2. Recd. interest - - -	25
„ 3. Paid rates - - -	10
„ 5. Postages - - -	2
„ 6. Petty expenses - - -	5
„ 7. Clerk's salary - - -	10
„ 8. Paid rent - - -	15
„ 10. Allowed discounts - -	12
„ 12. Received discounts - -	17
„ 15. Profit on goods - - -	95

37.

Open A/cs. for Capital, Trade Exps., Depreciation, Carriage, Advertising, P. & Loss.

19—.	
Oct. 1. A. Rae put into business	£500
„ 2. Paid for repairs - - -	10
„ 5. Paid donation - - -	10
„ 6. Paid carriage - - -	5
„ 7. Paid advertising - - -	12
„ 8. Bot. paper and twine - -	2
„ 10. Postages to date - - -	1
„ 12. Advt. in "News" cost - -	5
„ 13. Depreciation on Plant - -	10
„ 15. Profit on goods - - -	50

39.

Open Necessary A/cs.

19—.	
Oct. 1. Capital at start - - -	£700
„ 2. Paid for stationery - - -	10
„ 3. Paid for insurance - - -	5
„ 5. Salaries - - -	20
„ 7. Postages to date - - -	2
„ 8. Alld. Reid disct. - - -	12
„ 10. Paid carriage - - -	5
„ 12. Paid rent - - -	10
„ 13. Bot. stationery - - -	5
„ 14. Recd. rent from A. Best -	15
„ 14. Advtg. in "York Herald" -	10
„ 15. Deprecn. on Plant - - -	12
„ 15. Profit on trading - - -	96

36.

Open A/cs. for Capital, Stationery, Insurance, Trade Exps., P. & Loss.

19—.	
Oct. 1. Capital - - -	£750
„ 2. Bot. note paper - - -	5
„ 5. Paid insurance - - -	16
„ 6. Paid office cleaner - - -	3
„ 7. Recd. a/c. for gas - - -	5
„ 8. Bot. envelopes - - -	4
„ 10. Paid clerks' tea money -	1
„ 12. Recd. for old stationery -	4
„ 14. Paid carriage - - -	15
„ 15. Profit on goods - - -	90

38.

Open A/cs. for Capital, Trade Exps., Discount, Rent, Depreciation, P. & Loss.

19—.	
Oct. 1. G. Ash began with capital - - -	£700
„ 2. Recd. disct. from B. Dove -	15
„ 3. Paid rent - - -	10
„ 7. Postages for week - - -	1
„ 7. Bot. horse fodder - - -	2
„ 8. Paid for repairs - - -	5
„ 10. Gave W. Hill disct. - - -	10
„ 12. Recd. rent - - -	25
„ 14. Depreciation on horses - -	5
„ 15. Profit on goods - - -	50

40.

Open Necessary A/cs.

19—.	
Oct. 1. Began with Capital of -	£850
„ 3. Paid loan interest - - -	20
„ 5. Recd. disct. from A. Bent -	11
„ 6. Wages and salaries - - -	15
„ 7. Paid rent 2 weeks - - -	5
„ 8. Bot. postage stamps - - -	2
„ 9. Rent received - - -	15
„ 10. Paid carriage a/c. - - -	8
„ 12. A. Rae alld. disct. - - -	4
„ 13. Wages and salaries - - -	10
„ 14. Made a bad debt of - - -	15
„ 14. Paid water rate - - -	2
„ 15. Trading profit - - -	47

The Balance Sheet.

The trader at the end of each financial period prepares a Balance Sheet so that he may ascertain the exact position of his business.

The Balance Sheet is ruled in exactly the same way as an ordinary a/c., although it must not be reckoned as a ledger a/c. Items are not posted to and from it like a ledger a/c.

The Dr. side contains a list of the trader's Liabilities (items for which he is liable). The Cr. side contains a list of the Assets, i.e., accounts due to the trader, and Property he possesses, such as Cash, Goods, Shares, Machinery, etc.

The amount by which the Assets exceed the Liabilities represents the trader's Capital (what he is worth), and this a/c. is placed on the Dr. side, because it is a liability of the business to the proprietor.

To draw up a Balance Sheet, we go through our accounts, one by one, and, after transferring and squaring off all the Nominal A/cs. to Profit and Loss A/c., we make a list of all the balances outstanding. All Dr. balances of real and personal a/cs. are Assets, and all Cr. balances are Liabilities.

The Balance Sheet should have the title of the business written on the top, and the date on which it is drawn up. It is usual also to state Dr. and Cr. and To and By when making out a Balance Sheet, although these words are optional. Nearly all published Balance Sheets, however, are printed with Dr. and Cr., and To and By.

The items should be arranged in proper order. On the Asset side, those items which can be most readily realised usually come first, such as Cash and Bank, followed by Debtors, and any Mortgages or Shares held, and lastly those items which would have to be sold before they could be realised, such as Property, Stock, Machinery, etc.

On the Liability side, the accounts should be set out in the order in which they have to be paid. Any secured Creditor, such as a Bank Overdraft, would come first, followed by Wages, Rent or Taxes owing and Trade Creditors, and lastly the liability of the business to the proprietor, known in the Balance Sheet as Capital.

Undernoted is the state of affairs of Hendon & Co. on 31 Dec., 19—.

Capital, £5900; Cash on hand, £60; Cash at Bank, £2000; Shares and Securities, £1400; Buildings and Plant, £5000; Mortgage held, £1500; Sundry Debtors, £800; Rent and Wages owing, £100; Sundry Creditors, £7760; Stock on hand, £3000.

Dr. BALANCE SHEET OF HENDON & CO., as at 31 Decr., 19-- *Cr.*

<i>Liabilities.</i>				<i>Assets.</i>			
	£	s.	d.		£	s.	d.
To Rent & Wages due	100	-	-	By Cash on hand	60	-	-
" Sundry Creditors	7760	-	-	" Cash at Bank	2000	-	-
" Capital	5900	-	-	" Sundry Debtors	800	-	-
				" Mortgage	1500	-	-
				" Shares & Securities	1400	-	-
				" Stock in hand	3000	-	-
				" Buildings & Plant	5000	-	-
	<u>£13,760</u>	<u>-</u>	<u>-</u>		<u>£13,760</u>	<u>-</u>	<u>-</u>

Exercises.

41.

Prepare Balance Sheets from following particulars:—

Cash, £50; At Bank, £500; Stock on hand, £2000. There was owing from J. Smith, £50; E. Slater, £100; E. Bell, £200; A. Johnson, £600. Due to Stanley Douglas, £300; A. Jones, £250; W. Peterkin & Co., £120. Capital, £2830.

42.

The following were the balances in Geo. Crute's ledger:—

On the <i>Dr.</i> side.					On the <i>Cr.</i> side.				
E. Smith	-	-	-	£20	F. Smart	-	-	-	£58
Cash	-	-	-	114	J. Caine	-	-	-	40
Goods	-	-	-	370	Capital A/c.	-	-	-	491
H. Jones	-	-	-	14					
F. Smith	-	-	-	12					
J. Moses	-	-	-	40					
Rent due	-	-	-	19					
				<u>£589</u>					<u>£589</u>

43.

From the following, find Capital and frame Balance Sheet:—

Cash on hand, £20; at Bank, £200; Goods on hand, £2000; Buildings, £1000; Office Furniture, £80. John Smith owed £200, and Robert Bains £150. His Creditors were H. Jones, £220; C. Johnson, £360; Owing for Rent, £20; and there was a Mortgage of £200 on the property.

BALANCE SHEET OF A SOLVENT BUSINESS.

<i>Liabilities.</i>		<i>Assets.</i>	
Owing to Sundry Creditors	£1500	Cash at Bank	£280
Capital in the Business	500	Stock in Trade	750
		Plant	500
		A. McKay, debtor	314
		R. Elder, „	156
	<u>£2000</u>		<u>£2000</u>

Assuming that, after preparing the above Balance Sheet, a fire took place destroying all the Plant and Stock, £1,250, and that the trader was not insured against fire, the business would then be insolvent. The trader would have lost his own Capital of £500, and there would, further, be a Deficiency of £750. The estate would only be able to pay 10s. in the £ to the Creditors, subject to the Insolvency expenses.

The State of Affairs would then be :—

<i>Liabilities.</i>		<i>Assets.</i>	
Owing to Sundry Creditors	£1500	Cash at Bank	£280
		A. McKay, debtor	314
		R. Elder, „	156
		Total Assets	£750
		Deficiency	750
	<u>£1500</u>		<u>£1500</u>

Debit and Credit.

In Double-Entry Book-keeping, the system which this book purposes to teach, the fundamental principle is that, for each transaction, there must be two entries made affecting two accounts, because every transaction involves a giver and a receiver.

For example, we buy goods from Smith, thus creating a transfer or exchange of property from Smith to us. Therefore we debit Goods A/c., and credit Smith's A/c.

At this stage, it is important that the student should have impressed on his mind the rules :—

For Personal A/cs.—Debit the receiver—Credit the giver.

For Real A/cs.—Debit what is received—Credit what is given.

For Nominal A/cs —Debit losses—Credit gains.

The purchase or sale of anything for cash necessitates a transfer from one Real A/c. to another. For example, if we buy goods for cash, we exchange cash for goods.

As goods would be received and cash given, we debit Goods A/c. and credit Cash A/c.

It will be found that the majority of transactions a book-keeper has to deal with requires a transfer from a Personal to a Real A/c.

When we buy goods from Smith, we debit Goods A/c. and credit Smith's A/c.

When we pay Smith cash, we debit Smith's A/c. and credit Cash A/c.

When we sell Smith goods, we debit Smith's A/c. and credit Goods A/c.

When Smith returns goods, we debit Goods A/c. and credit Smith's A/c.

To assist us in arranging the debits and credits in their proper order, we use a book called the Journal (meaning daily register), in which the transactions are recorded for entry into the Ledger. It is a rule in book-keeping that no transaction is to be entered into the Ledger until it has first passed through a subsidiary book.

The ruling of an ordinary Journal is given below:—

Journal.					Dr.	Cr.
Date.	Particulars of A/cs, and Narration of Entries.	Led. Fol.	Amount to be debited.			Amount to be credited.

The student should carefully trace the entry of the following transactions through the journal and the posting of same to the ledger in order that he may grasp the principles of journalising.

In the next chapter we shall deal with the various subsidiary books employed in modern practice, and we shall see how the extra labour in the double posting of every item, as in the journal system, is considerably modified and the work reduced to a minimum.

Sept. 1, 19—. A Johnson's books at this date showed that he had Cash in hand, £200; Goods in stock, £500. J. Brown owed him £50, and he owed J. Smith £40.

His transactions were as follows:—

Sept. 1.	Bought goods from J. Smith	-	-	£100
„ 3.	Paid J. Smith	-	-	40
„ 5.	J. Brown paid	-	-	48
„ 5.	Gave him discount	-	-	2
„ 10.	Sold goods for cash	-	-	60
„ 15.	Sold goods to J. Brown	-	-	60
„ 19.	J. Brown returned goods	-	-	10
„ 23.	R. Clay bought goods	-	-	40
„ 28.	Sent J. Smith Cash	-	-	50
„ 28.	Paid Wages £10, Rent £5	-	-	15

Note.—When we give discount at settlement, debit Discount a/c. with the amount, as it represents a loss, and credit the person with the full amount of the a/c.—discount as well as cash.

The items on Sept. 1st are known as the Opening Entries, and show Johnson's assets and liabilities on that date. The amount by which the assets exceed the liabilities represents his Capital or worth.

As we are beginning a new set of books, we open in the ledger, accounts for each asset and liability.

In making the opening entries, always debit the assets and credit the liabilities.

Taking the items in detail, Cash on hand £200, Goods in stock £500, these must have been received at some time, so we debit each of the a/cs.

J. Brown owed £50. To owe he must have received, therefore debit Brown's a/c. Due to J. Smith £40. Here Smith must have given, therefore credit his a/c.

We find that the assets amount to £750, and the liabilities to £40, which leaves £710 due by the business to Johnson, the owner, which sum is credited to Capital A/c.

The proprietor is always represented in the ledger as Capital A/c. instead of the a/c. being headed with his own name.

Sept. 1.	Bot. goods from J. Smith—Dr. Goods—Cr. Smith.
„ 3.	Paid J. Smith—Dr. Smith—Cr. Cash.
„ 5.	J. Brown paid cash—Dr. Cash—Cr. Brown.
„ 5.	Allowed him discount—Dr. Disct.—Cr. Brown.
„ 10.	Sold goods for cash—Dr. Cash—Cr. Goods.
„ 15.	Sold goods to J. Brown—Dr. Brown—Cr. Goods.
„ 19.	J. Brown ret'd. goods—Dr. Goods—Cr. Brown.
„ 23.	R. Clay bot. goods—Dr. Clay—Cr. Goods.
„ 28.	Sent Smith cash—Dr. Smith—Cr. Cash.
„ 28.	Paid wages—Dr. Wages—Cr. Cash.
„ 28.	Paid rent—Dr. Rent—Cr. Cash.

(1)

Journal Entered up.

“Narrations” are appended to each item in the Journal, explaining the entry.

		Fol.	Dr.			Cr.		
19— Sept. 1	Cash, <i>Dr.</i> - - - -	1	200	-	-			
	Goods, <i>Dr.</i> - - - -	2	500	-	-			
	J. Brown, <i>Dr.</i> - - - -	3	50	-	-			
	To J. Smith - - - -	4				40	-	-
	Capital - - - -	9				710	-	-
	Being the assets and liabilities at this date.							
			750	-	-	750	-	-
" 1	Goods, <i>Dr.</i> - - - -	2	100	-	-			
	To J. Smith - - - -	4				100	-	-
	For goods bought from him.							
" 3	J. Smith, <i>Dr.</i> - - - -	4	40	-	-			
	To Cash - - - -	1				40	-	-
	For cash paid to him.							
" 5	Cash, <i>Dr.</i> - - - -	1	48	-	-			
	Discount, <i>Dr.</i> - - - -	6	2	-	-			
	To J. Brown - - - -	3				50	-	-
	For cash received from, and discount allowed to him.							
" 10	Cash, <i>Dr.</i> - - - -	1	60	-	-			
	To Goods - - - -	2				60	-	-
	For goods sold for cash.							
" 15	J. Brown, <i>Dr.</i> - - - -	3	60	-	-			
	To Goods - - - -	2				60	-	-
	For goods sold to him.							
" 19	Goods, <i>Dr.</i> - - - -	2	10	-	-			
	To J. Brown - - - -	3				10	-	-
	For goods retd. by him.							
" 23	R. Clay, <i>Dr.</i> - - - -	5	40	-	-			
	To Goods - - - -	2				40	-	-
	For goods sold to him.							
" 28	J. Smith, <i>Dr.</i> - - - -	4	50	-	-			
	To Cash - - - -	1				50	-	-
	For cash paid to him.							
" 28	Wages, <i>Dr.</i> - - - -	7	10	-	-			
	Rent, <i>Dr.</i> - - - -	8	5	-	-			
	To Cash - - - -	1				15	-	-
	For cash paid.							
			1175	-	-	1175	-	-

It is desirable to add up the Journal to see that the Dr. side agrees with the Cr. side, as it should, if there is a corresponding debit for each credit.

To Post the Journal to the Ledger.

The first item in the journal is Sept. 1. Cash £200. We head an a/c. in our ledger for Cash, and the £200 being on the Dr. side of the

journal, we place it on the Dr. side of the ledger. (Recollect that the items take the same side in the ledger as in the journal.) Then enter the date and amount, and, in the particulars column of the ledger, write:—To Balance. Do the same with Goods and Brown's a/cs. The items, Smith £40, and Capital £710, being on the credit side of journal, must be entered on the Cr. side of the ledger to the respective a/cs., thus:—Date, By Balance, fol., amount.

For the other transactions during the month, accounts are opened and posted, as shown in the ledger following.

For example:—Sept. 1. Goods Dr. £100.

To Smith £100

Goods, being on the Dr. side of the journal, is entered on the Dr. side of Goods a/c. in the ledger. In the particulars column write—To J. Smith—this being the name of the person from whom we received the goods. Next credit Smith's a/c. with £100, because it is on the Cr. side of the journal, and enter—By Goods. We find this by looking in our journal to see what a/c. we debited with the £100.

Running down the side of the money column in both the journal and the ledger is a narrow column for the number (or folio) of the page to which an amount has been posted. It is important that in all cases the dates and folios should be entered when posting. Thus on Sept. 1st against Smith's name in the journal we have folio 4. This is the page of the ledger to which the amount has been posted. In the ledger, we have J1 entered in the folio column. This shows us where the item has been obtained from, and provides a ready means of tracing entries from one book to another, and, at the same time, prevents the missing of postings.

The posting of the journal is simple, but remember:—Whatever a/c. is Dr. in the journal must also be Dr. in the ledger, and whatever a/c. is Cr. in the journal must be Cr. in the ledger.

Note.—The Trial Balance is always taken after the ledger is posted but before the a/cs. are ruled off or balanced.

For Trial Balance, see page 44.

The Ledger posted.

Each a/c. usually has a separate page or folio allotted to it
in the ledger.

Dr. (1)

CASH A/c.

Cr

19—				19—			
Sept. 1	To Cash on hand	J 1	200	Sept. 3	By J. Smith	J 1	40
" 5	" J. Brown	1	48	" 28	" Do.	1	50
" 10	" Goods	1	60	" 28	" Wages	1	10
				" 28	" Rent	1	5
				" 30	" Balance, C/d.		203
			308				308
Oct. 1	" Balance, B/d.		203				

(2)

GOODS A/c.

Sept. 1	To Stock in hand	J 1	500	Sept. 10	By Cash	J 1	60
" 1	" J. Smith	1	100	" 15	" J. Brown	1	60
" 19	" Brown, Rets.	1	10	" 23	" R. Clay	1	40

(3)

J. BROWN.

Sept. 1	To Balance	J 1	50	Sept. 5	By Cash	J 1	48
" 15	" Goods	1	60	" 5	" Discount	1	2
				" 19	" Returns	1	10
				" 30	" Balance, C/d.		50
			110				110
Oct. 1	To Balance, B/d.		50				

(4)

J. SMITH.

Sept. 3	To Cash	J 1	40	Sept. 1	By Balance	J 1	40
" 28	" Cash	1	50	" 1	" Goods	1	100
" 30	" Balance, C/d.		50				
			140				140
				Oct. 1	By Balance, B/d.		50

Dr. (5)

R. CLAY.

Cr.

Sept. 23	To Goods	J 1	40	-	-						
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(6)

DISCOUNT A/c.

Sept. 5	To J. Brown	J 1	2	-	-						
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(7)

WAGES A/c.

Sept. 28	To Cash	J 1	10	-	-						
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(8)

RENT A/c.

Sept. 28	To Cash	J 1	5	-	-						
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(9)

CAPITAL A/c.

						Sept. 1	By Balance	J 1	710	-	-
--	--	--	--	--	--	---------	------------	-----	-----	---	---

The a/cs. having been posted, we must test the accuracy of the postings by taking out a Trial Balance before attempting to balance the ledger. If the postings are wrong or any item omitted, the Trial Balance will not square. The Trial Balance is written on a separate sheet of paper and consists of a list of the total postings or balances of the a/cs.

If the postings are correct, we will have equal debits and credits, and the total Dr. balances must equal the total Cr. balances. When

this is so we say "the books balance." Two methods are shown of extracting a Trial Balance—one with the total postings to show the agreement with the journal; and the other—the practical method—with the balances only of outstanding a/cs.

TRIAL BALANCE.

Fol.		Total Postings.						Balances.					
		Dr.			Cr.			Dr.			Cr.		
		£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1	Cash - - - -	308	-	-	105	-	-	203	-	-			
2	Goods - - - -	610	-	-	160	-	-	450	-	-			
3	J. Brown - - -	110	-	-	60	-	-	50	-	-			
4	J. Smith - - -	90	-	-	140	-	-	-	-	-	50	-	-
5	R. Clay - - - -	40	-	-	-	-	-	40	-	-			
6	Discount - - -	2	-	-	-	-	-	2	-	-			
7	Wages - - - -	10	-	-	-	-	-	10	-	-			
8	Rent - - - - -	5	-	-	-	-	-	5	-	-			
9	Capital - - - -				710	-	-				710	-	-
	The total postings agree with the journal }	1175	-	-	1175	-	-	760	-	-	760	-	-

In practical work it is only necessary to take down the balances of the open a/cs. It should be noted that it is from these outstanding items we construct the balance sheet.

The Trial Balance agreeing proves the postings to be arithmetically correct and the ledger as a whole has equal amounts on both sides. Although the totals agree, it is not a positive proof of the accuracy of the book-keeping. A Trial Balance does not disclose omissions in the original entry or errors in posting to the wrong a/c. if on the same side of the ledger, nor compensating errors, e.g., an overpost to one a/c. and an underpost to another a/c. of the same amount. The next stage in balancing is to ascertain what profit or loss has been made. To enable this to be done we must "take stock." (The subject of stocktaking will be referred to later.) Suppose the value of the stock in hand to be £520. This amount is entered on the Cr. side of Goods A/c., making the Cr. total £680. The Dr. total being £610 shows that we have made a gross profit on goods of £70. To close the a/c., we pass an entry through the journal debiting Goods A/c. and crediting Profit and Loss A/c. £70

When squaring off Goods A/c., remember to bring down as a Dr. balance to the next month the value of the goods on hand.

The next stage is to transfer through the journal the balances of all the nominal or Expenses A/cs. to the Profit and Loss A/c. in order to show the final result of the transactions. These transfers are

called the Closing Entries. For this particular exercise the necessary entries are:—

Profit and Loss Dr.	£17
To Discount	£2
Wages	£10
Rent	£5

After posting these items, there is a balance in the Profit and Loss A/c. of £53. Being a Cr. balance, it is a gain, and the gain belongs to Capital. A further entry is, therefore, made in the journal to close the a/c.:—

Profit and Loss Dr.	£53
To Capital	£53

THE JOURNAL.

			Dr.			Cr.		
	CLOSING ENTRIES.							
19— Sept. 30	Goods A/c. - - - - - To Profit and Loss A/c. - - Being the transfer of gross profit.		70	-	-	70	-	-
Sept. 30	Profit and Loss A/c. - - - - To Discount - - - - - " Wages - - - - - " Rent - - - - - Being the transfer of the balances of Nominal A/cs.		17	-	-	2 10 5	- - -	- - -
Sept. 30	Profit and Loss A/c. - - - - To Capital - - - - - Being the transfer of net profit.		53	-	-	53	-	-

After posting these closing entries, the Ledger a/cs. affected will stand as follows:—

Note.—The balances are brought down as 1st Octr., and the a/cs. are ready for commencing the next month's transactions.

Dr.		GOODS A/c.				Cr.			
Oct. 1	To Stock in hand	500	-	-	Sept. 10	By Cash	60	-	-
1	" J. Smith	100	-	-	" 15	" J. Brown	60	-	-
19	" do. (rets.)	10	-	-	" 23	" R. Clay	40	-	-
30	" Profit to P. & } L. A/c. }	70	-	-	" 30	" Goods on hand C/d. }	520	-	-
		680	-	-			680	-	-
1	To Stock in hand B/d. }	520	-	-					

Dr.

DISCOUNT A/c.

Cr.

Sept. 5	To J. Brown		2	-	-	Sept. 30	By P. & Loss A/c.		2	-	-
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WAGES A/c.

Sept. 28	To Cash		10	-	-	Sept. 30	By P. & Loss A/c.		10	-	-
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RENT A/c.

Sept. 28	To Cash		5	-	-	Sept. 30	By P. & Loss A/c.		5	-	-
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PROFIT AND LOSS A/c.

Sept. 30	To Discount		2	-	-	Sept. 30	By Goods A/c.		70	-	-
" 30	" Wages		10	-	-						
" 30	" Rent		5	-	-						
			17	-	-						
" 30	" Net profit } to Capital }		53	-	-						
	(See below)		70	-	-				70	-	-

CAPITAL A/c.

						Sept. 1	By Balance		710	-	-
							" Net profit } from P. & L. A/c }		53		
									763	-	-

When the closing entries are completed and the ledger ruled off, it is not usual or necessary to make out a fresh trial balance showing the remaining balances in the ledger, but it may assist the student to state the a/cs. as they now appear.

FINAL TRIAL BALANCE.

Fol.							
1.	Cash in hand	-	-	-	-	£203	
2.	Goods in stock	-	-	-	-	520	
3.	J. Brown (debt owing by him)	-	-	-	-	50	
5.	R. Clay do.	-	-	-	-	40	
4.	J. Smith (debt owing to him)	-	-	-	-		£50
9.	Capital (with profit added)	-	-	-	-		763
						£813	813

The final step in book-keeping is taken by preparing an independent statement called a Balance Sheet. The Assets are placed on one side, and the Liabilities on the other, and the difference or surplus represents the Capital or wealth in the business at this particular date.

Dr. BALANCE SHEET OF A. JOHNSON, as at 30th Sept. 19— *Cr.*

<i>Liabilities.</i>	£	s.	d.	<i>Assets.</i>	£	s.	d.
To J. Smith (creditor) -	50	-	-	By Cash on hand -	203	-	-
„ Capital 1st Sept. £710				„ J. Brown (debtor) -	50	-	-
Add Profit - 53				„ R. Clay (debtor) -	40	-	-
	763	-	-	„ Goods on hand -	520	-	-
	813	-	-		813	-	-

The Assets amount to £813, and the Liabilities to £50, a difference of £763 due to the proprietor, A. Johnson. The books are thus proved to be correct by the agreement of the amount of the Capital in the Balance Sheet and the Capital A/c. in the ledger.

When the assets exceed the liabilities, as in the above balance sheet, the trader is said to be solvent (able to pay 20/- in the £). When the assets are less than the liabilities, there would be no capital, but a “deficiency,” and the trader would be insolvent, that is he could not pay his creditors in full. If he became bankrupt or made a private arrangement with his creditors, the cash received from the sale of the assets would, after paying court or other expenses, be distributed “pro rata” among the creditors.

THE STAGES IN BOOK-KEEPING, USING ONLY JOURNAL AND LEDGER.

The Opening Entries and Transactions.	Pass through the Journal.	Post into the Ledger.	Make out Trial Balance.
Take Stock, place value of Goods on Credit side of Goods A/c., and bring down as a debit balance.	Transfer difference in Goods A/c. and all Nominal A/cs. to Profit and Loss A/c. through Journal.	Find difference between Two sides of Profit and Loss A/c., and transfer to Capital through Journal. Profit increases Capital. Loss reduces Capital.	Balance the Ledger A/cs., and prepare Balance Sheet by making list of Assets and Liabilities, the difference represents Capital, and should agree with the balance of Capital A/c.

Prepare Henry Brown's Balance Sheet from the following:—

A. Bell was a debtor for £200, E. Stanley for £300, and A. Munro for £60; whilst Esop & Co. were creditors for £150, J. Henderson for £70, and E. Slater for £80. On the same date the Bank a/c. was in credit £1000. The Stock was taken and agreed at £2000; and there was due for Rent £60.

Depreciation.

All property, such as Buildings, Machinery, Furniture and Fittings, Horses and Carts, Patterns, Patent Rights, etc., suffers deterioration in value by wear and tear and the effluxion of time. Machinery, for example, bought on 1st January for £100, would not at the end of the year be worth £100, even supposing it had not been running regularly.

It is therefore necessary to deduct such a sum as will reduce the asset as near as possible to its true value in the books when the balance sheet is drawn up.

Some assets depreciate more rapidly than others. Machinery and Tools, for example, besides wearing out, may become out-of-date or obsolete by the introduction of newer patterns, and in such a case the rate of depreciation would be high. There is no hard and fast rule as to the percentage to be written off, but, in the absence of a re-valuation by an expert, it may be said to range from 5 per cent. to 20 per cent. per annum according to circumstances.

The reduction in value being a loss must be debited through the journal to Depreciation A/c., and afterwards carried to the P. and Loss A/c., the particular asset being credited with the amount written off.

The following will show how depreciation of an asset is dealt with in the books:—

Journal entry.

Dec. 31, 19—, Depreciation A/c. Dr. £50

To Machinery A/c. £50

Being reduction in value for the year.

Machinery A/c.

19— Jan. 1. To Balance - - £500 - - (Being value at this date). <u>£500 - -</u>	19— Dec. 31. By Deprecn. - £50 - - " 31. " Balance C/d. - 450 - - <u>£500 - -</u>
Dec. 31. To Balance B/d. - £450 - - (New Valuation).	

Depreciation A/c.

Dec. 31. To Deprecn. on	Dec. 31. By Transfer to P.
Mach'y - - £50 - -	& L. A/c. - £50 - -

In the balance sheet, the asset would appear thus:—

Machinery	£500
Less Deprecn.	50
	— £450

Interest on Capital.

When a trader invests or employs money in business, he usually credits himself with interest thereon reckoned at 5 per cent. per annum on the amount.

Supposing he had a capital of £1000, the interest at 5 per cent. on this sum (£50 per annum) would be a charge against the profits of the business, and an entry should be made through the journal debiting Interest A/c. and crediting Capital A/c.

This is only fair, because if the trader had his money invested elsewhere, it would be earning interest for him. Any trading profit he makes is therefore ascertained after due allowance has been made for the interest on capital.

The following shows the entries for Interest:—

Journal.

Interest A/c. Dr. £50

To Capital £50

Being interest on capital for the year.

Capital A/c.

Cr.

19—	
Jan 1. By Balance -	£1000 - -
Dec. 31. " Interest -	50 - -

Dr.

Interest A/c.

19—	
Dec. 31. To Int. on Capital	£50 - -

The Interest A/c. being a loss would be transferred to the debit of P. and Loss A/c. when balancing the books.

Bad Debts.

When we supply goods, etc., to customers who fail to pay for them, the loss is termed a Bad Debt. Business houses in many cases sustain considerable losses through customers, in financial trouble, becoming insolvent or bankrupt, or absconding.

When debts become bad, or are known to be irrecoverable, they should be written off by debiting Bad Debts A/c. and crediting the debtor by journal entry.

Let us suppose J. Smith, owing £60, fails, and is only able to pay his creditors 5s. in the £. When we receive the cash, £15, for the composition, the amount will, of course, be entered in the cash book and credited to Smith. Having accepted £15 in full discharge of the debt, the balance is irrecoverable, and we must square off Smith's A/c. and debit Bad Debts with the loss thus:—

Journal.

Bad Debts A/c. Dr. £45
To J. Smith - - £45

Being loss of 15s. in £ on £60

Ledger.

J. Smith's A/c.

To Balance	.	.	.	£60	-	-		By Cash Divd. of 5s.	.	£15	-	-
								„ Bad Debt	.	45	-	-

Bad Debts A/c.

To J. Smith 15s. in £ - £45 - - |

When closing the books at the balancing period, the amount at the debit of Bad Debts Account, being a loss, is transferred to the debit of Profit and Loss Account by a journal entry in the same manner as other Expense Accounts, thus:—

Journal.

Profit and Loss A/c. Dr. £45
To Bad Debts A/c. £45

Ledger.

Bad Debts A/c.

To J. Smith 15s. in £	-	£45	-	-		By Profit and Loss A/c.	-	£45	-	-

Profit and Loss A/c.

To Bad Debts - - - £45 - - |

When there are two or more partners in a business it is necessary to keep separate Capital accounts for each. The division of the Profits or Losses is a matter of arrangement between the Partners. The terms of the Partnership are usually defined in a document termed the Deed of Co-partnery, although a written agreement is not essential to constitute a Partnership.

Supposing the capital of a concern is £2000, contributed as follows:—
£1000 Brown, £500 Gray, and £500 Hardy, the profits or losses being shared:—
 $\frac{1}{2}$ Brown, $\frac{1}{4}$ Gray, $\frac{1}{4}$ Hardy.

At the end of their financial year, the net Profits of the business are ascertained to be say £600. The Profit and Loss A/c. and Partners' Capital A/cs. would be adjusted as follows:—

Journal.

Profit and Loss A/c. Dr. £600

To Brown, Capital A/c.	£300
Gray, „	150
Hardy, „	150

Being Division of Profit as per agreement.

Ledger.

Profit and Loss A/c.

Dr.		Cr.
To Brown, Capital A/c.		By Balance, being net
$\frac{1}{2}$ Share - - - £300		Trading Profit - - £600
„ Gray, Capital A/c.		
$\frac{1}{4}$ Share - - - 150		
„ Hardy, Capital A/c.		
$\frac{1}{4}$ Share - - - 150		
	<u>£600</u>	<u>£600</u>

BROWN'S CAPITAL A/c.

	Cr.
By Balance - - -	£1000
„ Profit and Loss A/c. -	300
	<u>£1300</u>

GRAY'S CAPITAL A/c.

By Balance - - -	£500
„ Profit and Loss A/c. -	150
	<u>£650</u>

HARDY'S CAPITAL A/c.

By Balance - - -	£500
„ Profit and Loss A/c. -	150
	<u>£650</u>

Pass the following through Journal and Ledger, and prepare Trial Balance, P. and Loss A/c. and Balance Sheet:—

45.

On Sept. 1, 19—, W. Smith had Cash on hand, £300; Goods, £450. O. Slay owed him £60, and B. Wood, £260, and he was due J. White £140, and B. Gray £200.

19—.

Sept. 5. Bot. goods of O. Jones	-	£120
„ 7. Paid B. Gray cash	-	100
„ 8. Cash sales	-	50
„ 10. B. Wood paid cash	-	160
„ 15. Sold B. Wood goods	-	180
„ 17. Cash purchases	-	40
„ 24. Paid O. Jones cash	-	114
„ 24. Discount received	-	6
„ 28. C. Slay is bankrupt and paid only 10s. in £	-	30
„ 29. Paid office exps.	-	13
„ 30. Goods on hand	-	480

Note.—When a person becomes bankrupt, he can usually pay his creditors a certain amount. Slay, in the above exercise, is able to pay a “composition” of 10s. in the £, and when you accept this you must give him a full discharge of his debt. The difference between the cash recd. and the original amount is termed a “Bad Debt.” Therefore debit Bad Debts (a loss), and credit Slay £30.

47.

M. Cross had on 1st Oct., 19—, Cash on hand, £50; at bank, £400; Stock, £500. Furniture & Fittings, £150. A. Hall owed him £120, and he had a liability of £200 to W. Bull.

19—.

Octr. 1. Bot. a desk for cash	-	£5
„ 7. Paid W. Bull cheque	-	180
„ 7. Discount received	-	20
„ 10. Trade exps. cash	-	5
„ 12. Cash sales	-	125
„ 13. Drew cheque for rent	-	10
„ 15. Lodged in bank	-	160
„ 16. Sold W. Bull goods	-	90
„ 17. Bot. from A. Senn goods	-	60
„ 21. Bank chgd. interest	-	1
„ 23. Drew cheque, office use	-	10
„ 24. A. Hall is bankrupt and pays 5s. in £ cheque	-	30
„ 24. Balance bad debt	-	90
„ 28. Private drawings cash	-	10
„ 31. Goods on hand	-	380

Note.—When we receive Discount at settlement, credit Discount A/c. with the amount, as it represents a gain, and debit the person with the full amount—discount as well as cash.

46.

On 1st Sept., 19—, A. Arthur's Capital A/c. was in credit £1000. He had Cash on hand £20; at bank, £250; Stock, £530. Debtors:—A. Coe, £200; W. Ford, £250. Creditors:—A. Dee, £150; T. Glen, £100.

19—.

Sept. 5. Cash sales	-	£60
„ 7. Sold A. Coe goods	-	150
„ 10. Paid rent, cheque	-	10
„ 12. Paid A. Dee, cheque	-	120
„ 21. W. Ford paid cheque	-	240
„ 21. Allowed him disct.	-	10
„ 24. Bot. goods of T. Glen	-	50
„ 26. Retd. part of above	-	10
„ 28. Paid salaries, cash	-	20
„ 28. A. Arthur drew cash	-	25
„ 30. Goods on hand	-	400

48.

M. Boyd on 1st Oct., 19—, finds his Liabilities are G. Croft £100, and R. Field £210, and his assets, Bank £500, Machinery £250, R. Burns £130, G. Davis £215, and Stock of Goods £270.

19—.

Oct. 1. Bot. machinery for cheque	£50
„ 3. Drew cheque for office cash	40
„ 8. R. Burns paid cheque	90
„ 10. Do. bot. goods	50
„ 12. Sold G. Davis goods	70
„ 13. Cash sales	85
„ 13. Banked	75
„ 16. Salaries, cash	10
„ 19. Paid R. Field cheque	150
„ 21. Bot. goods of G. Croft	70
„ 22. Retd. goods to do.	10
„ 24. Bank credits interest	2
„ 26. M. Boyd drew cash, self	10
„ 29. Trade exps., cash	5
„ 31. Goods on hand	200

Partnership Accounts.

- (a) Balance Exercise No. 45 (on previous page) on the supposition that the Capital, £730, is divided, one-half to W. Smith and one-half to T. Jones. Divide the Profit and Loss A/c. in the same manner, and show the Capital A/cs. of Smith & Jones in the Ledger.
- (b) Balance Exercise No. 46 on the supposition that the Capital, £1000, is divided, three-fourths to A. Arthur and one-fourth to W. Kean. Divide the Profit and Loss A/c. in the same manner, and show the Capital A/cs. of Arthur & Kean. Note to debit Arthur's Capital A/c. with Drawings, £25.
- (c) Balance Exercise No. 47 on the supposition that the Capital, £1020, is divided, one-half to M. Cross and one-half to G. Rennie. Divide the Profit and Loss A/c. in the same manner. Divide the £10, Private Drawings, into £5 each. Also debit Profit and Loss A/c. for Interest on Capital £4 each, and credit the respective Capital A/cs. with same.
- (d) Balance Exercise No. 48 on the supposition that the Capital is divided, two-thirds to M. Boyd and one-third to A. Murray. Divide the Profit and Loss A/c. in the same manner. Allow for Interest on Capital, M. Boyd £3, and A. Murray £2. Also write off for depreciation on Machinery £3. Note to debit Boyd's Capital A/c. with Drawings £10.

NOTE.—On following page are shown the Closing Entries of Exercise No. 48d posted into the Ledger.

Journal.

Showing Closing Entries of Exercise No. 48 (d).

JOURNAL.

Interest A/c.	Dr.	£5
To Capital, M. Boyd		£3
Do.	A. Murray	2

Being Interest on the Capital of the Partners Boyd & Murray.

Depreciation A/c.	Dr.	£3
To Machinery A/c.		£3

Being amount written off Machinery for the period.

Profit and Loss A/c.	Dr.	£407
To Stock (1 Oct.)	-	£270
Purchases	-	60
Salaries	-	10
Expenses	-	5
Int. on Capital	-	5
Deprecn.	-	3
Capital A/cs. :—		
M. Boyd		
2/3rds Profit	-	36
A. Murray		
1/3rd Profit	-	18
Being the Closing Entries.		

Sales	-	Dr.	£205
Interest	-	Dr.	2
Stock on hand	Dr.		200
To Profit and Loss A/c.			
			£407
Being the Closing Entries.			

CLOSING ENTRIES.

Make Closing Entries in the Journal for the following:—

Jones & Smith, Partners, who share profits equally.

Stock at the beginning of year	-	-	-	-	-	£530
Stock at the end of year	-	-	-	-	-	390
Purchases for the year	-	-	-	-	-	917
Salaries do.	-	-	-	-	-	215
Carriage do.	-	-	-	-	-	90
Rent and Taxes do.	-	-	-	-	-	134
Sundry Expenses do.	-	-	-	-	-	73
Sales do.	-	-	-	-	-	1700

Interest on Capital, Jones £1000 1 year @ 5 %

Do. Smith £600 1 year @ 5 %

Depreciation on Machinery for year, £15

Goods Account.

Whilst “Goods Account” has been introduced (for theory reasons) in working the exercises in previous chapters, it should be noted that in Practical Work it is seldom met with nowadays.

Many Teachers find it a necessity with beginners in Elementary Work to teach a “Goods Account,” making it clear, at the same time, that as the young students become a little more advanced they will be introduced to the various Subsidiary Books, and be shown how the “Goods Account” is split up into “Sales Account,” “Purchases Account,” “Returns Account,” and “Stock Account,” leading up to the Trading Account. (See pages 69 and 91.)

The Subsidiary Books, or Books of Original Entry.

In an ordinary business it would be found quite impracticable, in actual work, to pass all the transactions, one after the other, through the Journal. This book is, therefore, for convenience and to save time, divided into parts so that a number of clerks may be writing up the books simultaneously, each attending to a particular division and entering each transaction immediately it occurs.

In modern Book-keeping there are four well-defined divisions:—
The Purchases or Bought Journal (Bought Book), through which all credit purchases are passed;

The Sales Journal (Sales Book), through which all credit sales and work executed for customers are passed;

The Cash Journal (Cash Book), through which all cash transactions are passed; and

The Journal which is utilised for recording entries which cannot conveniently be passed through the other books—such as Bad Debts, Depreciation, Interest, Transfers, etc.

By following the entry of the set of business transactions underneath, the student will gain an insight into the modern working of a full set of books.

Sept. 1, 19— Cash on hand, £240; Goods in stock, £500. Debtors:—
G. Lamb, £150; C. May, £300. Creditors:—L. North, £200; and W. Noble, £150.

Sept. 2. Sold to G. Lamb

	10 Iron Gateways @ £10 ea. - - -	£100
4.	Bot. of L. North	
	10 tons Bar Iron @ £9 per ton - - -	140
	5 „ Steel Plates @ £10 „ - - -	
7.	Recd. a 1st and final divd. of 13/4 in £ from	
	C. May - - - - -	200
7.	Wrote balance off - - - - -	100
7.	Cash Sales - - - - -	80
9.	Paid L. North - - - - -	190
9.	Discount received from do. - - -	10
10.	Sold E. Slay	
	20 Steel Joists @ £7 ea. - - -	140
15.	Cash purchases - - - - -	65
16.	Bought of W. Noble	
	100 tons Pig Iron @ 41/- per ton - -	205
21.	Sold G. Lamb	
	320 Iron Pedestals @ 4/- ea. - - -	64
24.	Paid trade exps. - - - - -	15
25.	Bot. Desk for cash - - - - -	10
26.	G. Lamb paid - - - - -	60

SUBSIDIARY BOOKS.

Sept. 26.	Allowed him discount	-	-	-	£3
„ 30.	Proprietor drew cash for self	-	-	-	10
„ 30.	Interest on capital at 5 per cent. per annum	-	-	-	3 10/-

The items which require to pass through the Journal proper are the "Opening Entries," Bad Debts and Interest on Capital, also later on the "Closing Entries" when we know what the amounts are.

	(1) JOURNAL.	Fol.						
19—								
Sept. 1	Cash - - - -	4	240	-	-			
	Stock in hand - - -	7	500	-	-			
	G. Lamb - - - -	1	150	-	-			
	C. May - - - -	2	300	-	-			
	To L. North - - -	3				200	-	-
	" W. Noble - - -	4				150	-	-
	" Capital - - - -	14				840	-	-
	Being the assets and liabilities at this date.		1190	-	-	1190	-	-
Sept. 7	Bad Debts A/c. - - -	10	100	-	-			
	To C. May - - - -	2				100	-	-
	Being bad debt written off.							
Sept. 30	Interest A/c. - - - -	11	3	10	-			
	To Capital - - - -	14				3	10	-
	Being 1 month's interest on capital @ 5% per annum.							

In the Bought Book are entered the purchases on credit, copied from the invoices recd., and also goods bought for cash where the creditor's name is given, otherwise cash purchases are passed through the cash book.

The purchases are:—

BOUGHT DAY BOOK.

Date.	Fol.	Name and particulars.	Quan.	Rate.	Amount.	Total.
19—.						
Sept. 4	3	L. North, Newcastle.	Tons.			
		Bar Iron - - -	10	£9	90 - -	
		Steel Plates - -	5	£10	50 - -	
						140 - -
Sept. 16	4	W. Noble, Middlesbro'.	Tons.			
		Pig Iron - - -	100	41/-	205 - -	
						205 - -
						345 - -
						Fol. 8.

SUBSIDIARY BOOKS.

It is very important that a systematic check should be made of all goods despatched, to prevent loss in omitting to charge customers.

Having sold and delivered goods to the persons named, we must, according to rule, post to the debit of the personal a/cs. (Lamb and Slay), and credit Sales A/c. (or Goods A/c.) with the total, thus:—Sept. 30.—By Sundry Sales, £304.

We have therefore an equal amount on both sides of the ledger, viz., £304 at the Cr. of Sales A/c., and £304 at the Dr. of customers. By posting in one amount the monthly total of the Sales or Bought Books we are saved the labour of entering each transaction twice in the ledger, and the double-entry is maintained.

The **Cash Book** is considered the most important of the subsidiary books. Two pages facing each other, termed a folio, are required to make a complete page of the Cash Book. The Dr. and Cr. sides must always face each other. The Dr. side records all cash received, and the Cr. side all cash paid out.

What we really keep in the Cash Book is the Cash A/c., and when we keep a Cash Book (as we should always do in actual business) there is no need to keep a Cash A/c. in the Ledger. The Cash Book, therefore, becomes a part of the Ledger, and must always be treated as such.

The Cash Book should be entered up daily so that the amount of cash on hand can be ascertained and checked at the close of each day.

The Cash Book is always provided with columns for Discount, because cash discount, an allowance made for prompt payment, enters into nearly all cash transactions. Cash discount should be distinguished from Trade discount. The latter is usually deducted from the Invoice at the time of the sale or the purchase. The discount column on Dr. side records discounts allowed off the accounts received, and on the Cr. side are entered the discounts received off a/cs. paid.

The cash transactions set out in the exercise are now shown entered up. The amount in hand on Sept. 1st, it should be noted, is posted from the journal.

Dr.

(4)

Cash Book.

Cr.

Date.	Cash Received.	Fol.	Discount Allowed.	Cash.	Date.	Cash Paid out.	Fol.	Discount Received.	Cash.
19— Sept. 1	To Bal. in hand	J1		240	19— Sept. 9	By L. North	3	10	190
" 7	" C. May divd.	2		200	" 15	" Purchases	8		65
" 7	" Sales	9		80	" 24	" Expenses	12		15
" 26	" G. Lamb	1	3	60	" 25	" Furniture	6		10
					" 30	" Drawings	13		10
					" 30	" Balance	C/d		290
		11	3	580			11	10	580
Oct. 1	" Balance	B/d		290					

SUBSIDIARY BOOKS.

At the end of the month, the cash book is balanced off and the balance in hand carried forward as the first entry to the next month.

The entries on the Dr. side of cash are posted to the Credit in the ledger, and the entries on the Cr. side of cash are posted to the Debit side, as will be seen by referring to the ledger following.

Discount received from or allowed to customers, it will be noticed, is always entered on the same line as the cash entry.

The discount columns are added up and the totals inserted at the end of the month.

The amount on the Dr. side of discount represents discount allowed, and, being a loss, is posted to the Dr. of Discount A/c. in the ledger.

The discount column on the Cr. side contains the amount of discount received, and, being a gain, is posted to the Cr. of Discount A/c. in the ledger, thus:—

Discount A/c.

To Cash disct. - - £3 0 0	By Cash disct. - - £10 0 0
--	---

The “double entry” is thus completed as the corresponding amounts are posted to the customers’ a/cs. along with the cash received or paid.

There is another method of dealing with discount in the cash book which is often recommended to beginners. See next page.

By making contra or cross entries for discount as shown, it allows the beginner to post discounts **uniformly** with the cash entries and prevents any confusion.

Thus, the entry “Discount contra” £10 on the left is posted to the credit of Discount A/c. in the ledger just as the cash debits are posted.

The entry “Discount contra” £3 on the right is posted along with the cash credits to the Dr. side in the ledger.

Dr.

(4)

Cash Book.

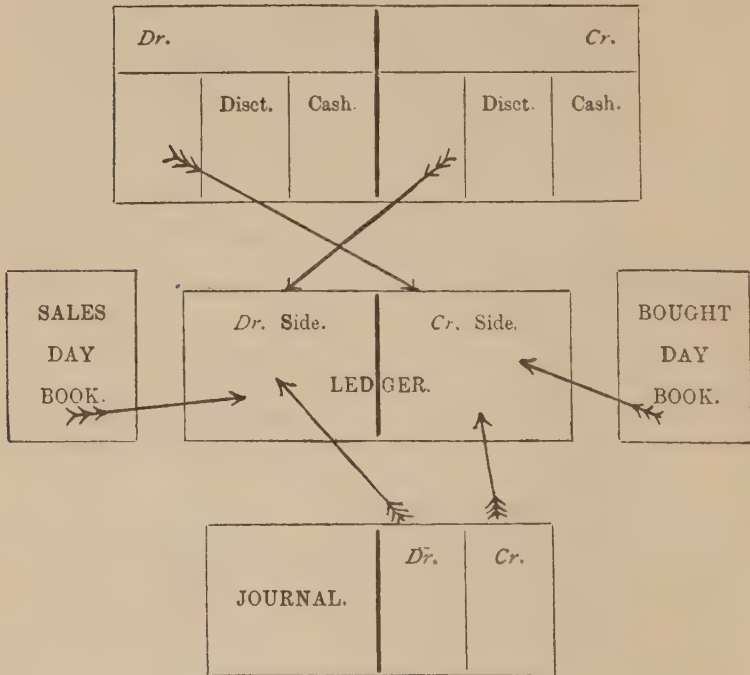
Cr.

Date.	Received.	Fol.	Discount.	Cash.	Date.	Paid out.	Fol.	Discount.	Cash.
19— Sept. 1	To Bal. in hand	J1		240	19— Sept. 9	By L. North	3	10	190
" 7	" C. May, divd.	2		200	" 15	" Purchases	8		65
" 7	" Sales	9		80	" 24	" Expenses	12		15
" 26	" G. Lamb	1	3	60	" 25	" Furniture	6		10
" 30	" Disc't. contra	11	10		" 30	" Drawings	13		10
					" 30	" Disc't. contra	11	3	
					" 30	" Balance	C/d		290
			13	580				13	580
Oct. 1	" Balance	B/d		290		.			

The following plan will act as a guide in posting the books:—

DIAGRAMS SHOWING THE POSTINGS IN DOUBLE-ENTRY FROM THE SUBSIDIARY BOOKS TO THE LEDGER.

CASH BOOK.



RULES.

Bought Book.—Post from this book to the Cr. of the personal a/cs. in the ledger, and post the total to the Dr. of Purchases A/c. (or Goods A/c.).

Sales Book.—Post to the Dr. of the personal a/cs., and post the total to the Cr. of Sales A/c. (or Goods A/c.).

Cash Book.—Post from the Dr. side of cash book to the credit side; and from the Cr. side to the debit side of the a/cs. in the ledger.

Journal.—Post the entries to the same side of the ledger as they appear in the journal. ✓

PLAN FOR POSTING THE TOTALS OF THE SUBSIDIARY BOOKS.



LEDGER INDEX.

Each a/c. is supposed to have a separate page in the ledger.
Care should be taken to index every a/c. immediately it is opened.

							Folio.
Bad debts -	-	-	-	-	-	-	10
Capital -	-	-	-	-	-	-	14
Discount and Interest -	-	-	-	-	-	-	11
Drawings -	-	-	-	-	-	-	13
Expenses -	-	-	-	-	-	-	12
Furniture -	-	-	-	-	-	-	6
Goods a/c.	-	-	-	-	-	-	15
Lamb, G., Hull -	-	-	-	-	-	-	1
May, C., Leeds -	-	-	-	-	-	-	2
Noble, W. Middlesbro'	-	-	-	-	-	-	4
North, L., Newcastle -	-	-	-	-	-	-	3
Profit and Loss a/c.	-	-	-	-	-	-	16
Purchases -	-	-	-	-	-	-	8
Sales -	-	-	-	-	-	-	9
Slay, E., Leeds -	-	-	-	-	-	-	5
Stock -	-	-	-	-	-	-	7

THE LEDGER POSTED.

Before ruling off the a/cs. as shown here, the Trial Balance is always taken to see that the ledger is correctly posted. For Trial Balance, see page 68.

Dr.		(1)		G. LAMB, HULL.										Cr.	
19—				19—											
Sept. 1	To Balance,	-	1	150	-	-	Sept. 26	By Cash, .	-	4	60	-	-		
" 2	" Goods, -	-	3	100	-	-	" 26	" Discount,	-	4	3	-	-		
" 21	" Do. -	-	3	64	-	-	" 10	" Balance,	-		251	-	-		
				314	-	-					314	-	-		
Oct. 1	To Balance,	-		251	-	-									

Dr. (2)

C. MAY, LEEDS.

Cr.

Sept. 1	To Balance,	-	1	300	-	-	Sept. 7	By Cash,	-	4	200	-	-
							" 7	" Bad Debts A/c.	-	1	100	-	-
				300	-	-					300	-	-

(3)

L. NORTH, NEWCASTLE.

Sept. 9	To Cash,	-	4	190	-	-	Sept. 1	By Balance,	-	1	200	-	-
" 9	" Discount,	-	4	10	-	-	" 2	" Goods,	-	2	140	-	-
" 30	" Balance,	-		140	-	-							
				340	-	-					340	-	-
							Oct. 1	By Balance,	-		140	-	-

(4)

W. NOBLE, MIDDLESBRO'.

Sept. 30	To Balance,	-		355	-	-	Sept. 1	By Balance,	-	1	150	-	-
							" 16	" Goods,-	-	2	205	-	-
				355	-	-					355	-	-
							Oct. 1	By Balance,	-		355	-	-

(5)

E. SLAY, LEEDS.

Sept. 10	To Goods	-	3	140	-	-	Sept. 30	By Balance	-		140	-	-
Oct. 1	" Balance	-		140	-	-							

(6)

FURNITURE AND FITTINGS.

Sept. 25	To Cash (Desk)	-	4	10	-	-	Sept. 30	By Balance	-		10	-	-
Oct. 1	" Balance	-		10	-	-							

(7)

STOCK A/c.

Sept. 1	To Balance	-	1	500	-	-	Sept. 30	By Goods A/c.	-	1	500	-	-
Oct. 1	" Stock in hand	-	1	590	-	-							

Dr. (8)		PURCHASES A/c.				Cr.						
Oct. 15	To Cash purchases	4	65	-	-	Sept. 30	By Goods A/c.	-	1	410	-	-
30	Sundry "	2	345	-	-							
			410	-	-					410	-	-

(9)		SALES A/c.										
Oct. 30	To Goods A/c.	1	384	-	-	Sept. 7	By Cash sales	-	4	80	-	-
						" 30	" Sundry "	-	3	304	-	-
			384	-	-					384	-	-

(10)				BAD DEBTS, A/c.								
Oct. 7	To C. May	-	1	<u>100</u>	<u>-</u>	<u>-</u>	Sept. 30	By P. and L. A/c.	1	<u>100</u>	<u>-</u>	<u>-</u>

(11)		DISCOUNT AND INTEREST A/c.									
t. 30	To Cash, - -	4	3	-	-	Sept. 30	By Cash - -	4	10	-	-
30	" Interest -	1	3	10	-						
30	" P. and L. A/c.	1	3	10	-						
			10	-	-				10	-	-

(12)				TRADE EXPENSES A/c.									
t. 24	To Cash	-	-	4	15	-	-	Sept. 30	By P. and L. A/c.	1	15	-	-

(13)				DRAWINGS A/c.									
Oct. 30	To Cash	-	-	4	10	-	-	Sept. 30	By Capital A/c.	1	10	-	-

(14)				CAPITAL A/c.									
Oct. 30	To Drawings	-	1	10	-	-	Sept. 1	By Balance,	-	1	840	-	-
30	" Net Loss	-	1	47	10	-	" 30	" Interest,	-	1	3	10	-
30	" Balance, C/d.			786	-	-							
				843	10	-					843	10	-
							Oct. 1	By Balance, B/d.			786	-	-

Dr. (15)

GOODS A/c.

Cr.

Sept. 1	To Stock in hand	1	500	-	-	Sept. 30	By Sales - - -	1	384	-
" 30	" Purchases -	1	410	-	-	" 30	" Stock in hand,	}	590	-
" 30	" Gross Profit to P. & L. A/c. }	1	64	-	-		per Stock A/c. }			
			974	-	-				974	-

(16)

PROFIT AND LOSS A/c.

Sept. 30	To Bad Debts -	1	100	-	-	Sept. 30	By Goods A/c. -	1	64	-
" 30	" Trade Exps. -	1	15	-	-	" 30	" Dis. and Int.	1	3	10
						" 30	" Capital A/c., } net loss }	1	47	10
			115	-	-				115	-

The Trial Balance is taken when the postings are completed but before any of the closing entries are made or the ledger balanced. If the books are proved to be correct, the closing entries are then passed through the journal and posted. The ledger is afterwards balanced and ruled off as shown in the foregoing pages.

Collect all the ledger Dr. balances on the debit side, and all the Cr. balances on the credit side of Trial Balance. Remember to include the balance of the cash book.

Fol.	TRIAL BALANCE.	Dr.			Cr.		
1	G. Lamb - - -	251	-	-			
3	L. North - - -				140	-	-
4	W. Noble - - -				355	-	-
5	E. Slay - - -	140	-	-			
6	Furniture and Fittings -	10	-	-			
7	Stock, 1st Sept. - -	500	-	-			
8	Purchases - - -	410	-	-			
9	Sales - - -				384	-	-
10	Bad Debts - - -	100	-	-			
11	Disct. and Interest -				3	10	-
12	Trade Exps. - - -	15	-	-			
13	Drawings - - -	10	-	-			
14	Capital - - -				842	10	-
C. B. 4	Cash - - -	290	-	-			
		1726	-	-	1726	-	-

All Dr. balances are either assets or losses.

All Cr. balances are either liabilities or profits.

Now that the books balance, we proceed to "take stock" by valuing all the goods in hand at market or cost price, if not under, as sometimes goods depreciate in value.

A prudent merchant in making an inventory of his stock always makes an allowance for the deterioration in value, otherwise his books would show more profit (or less loss) than he had actually made.

We shall assume that the stock in hand has been taken and valued as under:—

INVENTORY OF STOCK, 30TH SEPT., 19—.

Description.	Quan.	Rate.	Amount.		
			£	s.	d.
Pig Iron - - - - -	Tons. 180	41/	369	-	-
Bar Iron - - - - -	11	£9	99	-	-
Steel Plates - - - - -	7	£9 10/	66	10	-
Finished Joists - - - - -	6	£5	30	-	-
Iron Beams - - - - -	5	£3	15	-	-
	No.				
Bolts and Nuts - - - - -	200	6d.	5	-	-
Sundry Stores - - - - -			5	10	-
			590	-	-

The amount of stock, having been ascertained as above, is placed on the Cr. side of Goods A/c., as explained in a previous chapter. The Stock, Purchases, and Sales are, for convenience, kept in separate A/cs., and transferred by journal entry direct to Goods A/c. at the end of the month. Goods A/c., it may be explained, is superseded later on by Trading A/c. (see Advanced Edition), but for the present the working of Goods A/c. is considered more suitable for elementary practice.

After crediting the stock, the Goods A/c. shows a gross profit of £64, therefore, to balance same, we pass an entry through the journal debiting Goods and crediting P. and Loss A/c.

We also square off the Nominal A/cs. by the following journal entries, viz.:—

P. and Loss A/c. Dr.	£115
To Bad Debts	£100
,, Trade exps.	15
Disct. and Int. A/c. Dr.	£3 10/-
To P. and Loss A/c.	£3 10/-

As the debits in P. and Loss A/c. exceed the credits by £47 10s. 0d., we find we have sustained a loss during the month to that extent, and to square the A/c. we debit capital thus:—

Capital A/c. Dr. £47 10 0

To P. and Loss A/c. £47 10 0

Being loss in trading for month.

The Drawings A/c. of the proprietor is also squared by debiting the Capital A/c. because he has reduced his capital by withdrawing cash.

	(1) JOURNAL.	Fol.	Dr.			Cr.		
	<i>Closing Entries.</i>							
19—								
Sept. 30	Sales, Dr. - - - -	9	384	-	-	384	-	-
	To Goods A/c. - - -	15						
	Being sales for month.							
" 30	Goods A/c., Dr. - - -	15	974	-	-			
	To Stock, 1st Sept. - -	7				500	-	-
	Purchases for month - -	8				410	-	-
	P. & Loss A/c. (gross profit)	16				64	-	-
" 30	P. & Loss A/c., Dr. - - -	16	115	-	-			
	To Bad Debts - - - -	10				100	-	-
	Trade Exps. - - - -	12				15	-	-
	Being losses transferred.							
" 30	Disct. and Int. A/c., Dr. - -	11	3	10	-			
	To P. & Loss A/c. - - -	16				3	10	-
	Being gain on Dis. and Int. transferred.							
" 30	Capital A/c., Dr. - - - -	14	57	10	-			
	To P. & Loss A/c. (net loss)	16				47	10	-
	Drawings A/c. - - - -	13				10	-	-
	Being transfer of net loss and drawings.							

Note.—To save space in reproducing the A/cs. affected by the closing entries, these A/cs. have been posted and balanced off in the preceding ledger.

We now draw up a **Balance Sheet** (which shows what the capital consists of) by collecting all the Dr. balances of the Real and Personal

A/cs. on the Asset side, and all the Cr. balances on the Liability side:—

Dr.		BALANCE SHEET, 30th Sept., 19—				Cr.	
<i>Liabilities.</i>						<i>Assets.</i>	
L. North - - - -	140	-	-	Cash in hand - -	290	-	-
W. Noble - - - -	355	-	-	G. Lamb - - - -	251	-	-
Capital, 1 Sept. £840	-	-	-	E. Slay - - - -	140	-	-
Add Interest, 3 10	-	-	-	Stock - - - -	590	-	-
	£843	10	-	Furniture and Fittings	10	-	-
<i>Less</i>							
Drawings, £10 - -							
Loss, - - 47 10 - 57 10							
		786	-				
		£1281	-		£1281	-	-

In posting from the subsidiary books to the ledger, the pupil should endeavour to keep the A/cs. of each class together. The A/cs. in the Bought and Sales Books may be opened first, followed by the impersonal A/cs. In preparing the balance sheet, the assets, as previously stated, should appear in the order in which they would be realised, and the liabilities in the order in which they would be paid.

From the following transactions, prepare Trial Balance, P. and Loss A/c. and Balance Sheet, using the journal, sales and bought day books and cash book:—

491
R. Begg began business with Cash £200, and Goods £400.

19—
Sept. 1. Sold goods to G. Main - £80
" 12. Do. W. Wood - 54
" 23. Do. F. Bates - 60
" 25. Do. H. Owen - 95
" 10. Bot. goods from R. Best - 90
" 23. Do. G. Stone - 85
" 29. Do. R. Best - 64
" 10. Cash Sales - - - 65
" 25. Do. - - - 84
" 24. Cash purchases - - - 43
" 5. G. Main paid - - - 76
" 5. Discount given - - - 4
" 15. F. Bates paid - - - 60
" 25. Paid to G. Stone - - - 55
" 30. Paid wages - - - 10
" 30. Paid expenses - - - 8
" 30. Goods in stock - - - 350

501
G. Brown owed W. Cook £120. R. Scott owed him £30, and E. Lion £60. He had Cash £200, and Goods on hand £500.

19—
Sept. 1. Sold R. Scott goods - £45
" 5. Paid W. Cook - - - 60
" 7. Bot. of A. Baird goods - 75
" 10. Cash sales - - - 10
" 12. Sold E. Lion goods - - 37
" 15. R. Scott paid - - - 28
" 15. Discount allowed - - - 2
" 19. Paid trade exps. - - - 15
" 21. W. Cook sold goods - - 50
" 21. Paid him cash - - - 60
" 23. Brown withdrew cash for self - - - 10
" 24. E. Lion bot. goods - - 25
" 24. Paid wages - - - 20
" 30. Goods in stock - - - 600

Sales and Bought Books.

Exercises.

51.

Enter the following into Sales Day Book. The calculations should be carefully made:—

Oct. 1st, 19—Goldie & Co., Glasgow, 125 bags sugar, @ 26s. each; 110 lbs. coffee, @ 1s. 1½d. per lb.; 45 lbs. tea, @ 1s. 4d. per lb. Oct. 2nd.—Baines & Sons, Leeds, 96 yds. cotton, @ 4½d. per yd.; 78 yds. tweed, @ 2s. 4½d. per yd.; 600 yds. linen, @ 6s. per dozen yds. Oct. 3rd.—Robb & Co., Hull, 224 lbs. paint, @ 28s. per cwt; 280 lbs. white lead, @ 20s. per cwt.; 15 casks oil, @ 25s. 6d. per cask. Oct. 7th.—Sellis & Co., Cardiff, 250 doz. envelopes, @ 4s. 9d. per M.; 420 dozen pens, @ 2s. 1d. per gross; 12 reams notepaper, @ 13s. 1½d. per ream. Oct. 12th.—E. Wells, London, 12 gross screws, @ 1s. 9d. per gross, less 25 per cent. discount; 144½ dozen bolts, @ 48s. per gross.

52.

Nov. 2nd, 19—G. Edgar & Co., Aberdeen, 1 cwt. 1 qr. 3 lbs. lead pipe, @ 3d. per lb.; 2 cwt. 2 qrs. 4 lbs. bar iron, @ 9s. 4d. per cwt.; 252 lbs. hoop iron, @ 13s. per cwt. Nov. 4th.—J. Mack, Newcastle, 36 ft. belting @ 2s. 4d. and 64 ft. @ 1s. 6d. per ft., less 25 per cent. discount; 78 lbs. laces, @ 2s. 3½d. per lb. Nov. 14th.—D. Emslie, Leeds, 500 reams paper, @ 7s. 4½d. per rm.; 56 gallons ink, at 1s. 10½d. per gal. Nov. 16th.—W. Watt, Salford, 282 yds. cloth @ 2s. 4d. and 600 @ 3s. 2d. per yd.; 78 gross reels, @ 2s. per dozen. R. Dove, Hawick, 100 stoves @ 96s. each, and 20 @ 75s. each, less 33½ per cent. discount.

53.

Enter the following into Bought Day Book:—

Nov. 2nd, 19—J. Tyne & Co., London, 30 tons bar iron, @ 13s. 4d. per cwt.; 75 cwt. sheet iron, @ £14 per ton. Nov. 6th.—F. Crowther, Nelson, 214 bags flour, @ 21s. 6d. per bag; 178 bags oats, @ 19s. 6d. per bag. Nov. 10th.—R. Pilling, Lincoln, 30 pcs. cotton, @ 12s. 6d. per pce.; 48 pcs. linen, @ 17s. 6d. per pce.; 94 yds. silk, @ 4s. 9d. per yd. Nov. 14th.—A. Lee & Co., Sheffield, 150 casks oil, @ 17s. 6d. per cask; 4 tons putty, @ 8s. 6d. per cwt.; 28 kegs paint, @ 7s. 6d. per keg.

Returns Books.

It frequently happens that customers to whom we sell goods return same, in whole or part, for various reasons, and sometimes we require to make allowances for overcharges, empties, etc.

(It should be noted that allowances at settlement in the form of discount should be entered in the Cash Book.)

When goods are returned, we take them back into stock and pass an entry through the Inward Returns Book, which is ruled like a Sales Day Book.

Inward Returns Book or "Credit Book."

Date.	Fol.	Name, &c.	Description of Goods.	Quan.	Rate.	Amount.			Total.		
19... Sept. 1	2	R. North	Gas Brackets	12	5/	3	-	-			
			Packing Case ($\frac{1}{2}$ price)	1	3/	-	3	-			
			Allowance on Burners	—	—	-	10	-	3	13	-

Rule in Posting.—Credit the Personal A/c. in the Ledger and debit the Sales A/c. (or Goods A/c.) at the end of the month with the total returns, thus:—Sept. 30.—To Returns,

Upon receipt of the goods returned, or when an allowance has been made to the customer, a Credit Note should be sent advising that the credit has been duly made to his A/c.

Credit Note.

*Mr. R. North,
Leeds.*

GLOBE WORKS,
LINCOLN, Sept. 1, 19.....

Credited by Robb & Co.

						£	s.	d.
12 Gas Brackets returned	...	...	...	5/	3	-	-	-
1 Empty Case (half) ...	...	...	...	—	-	3	-	-
Allowance on burners	...	...	..	—	-	10	-	-
					3	13	-	-

Credit Notes are usually printed in red ink to distinguish from invoices.

When we return goods or make a debit for shortages, overcharges, etc., we require to make an entry in the

Outward Returns Book or "Debit Book."

Date.	Fol.	Name.	Description.	Quan.	Rate.	Amount.			Total.		
19... Sept. 1	5	G. Green	Kegs of Paint	4	12/	2	8	-			
			Kegs ...	4	1/	-	4	-			
			Shortage on white lead,	lbs.		-	2	-	2	14	-
			29th Augt.	12	2d.	-					

Returns Books.

Rule in Posting.—Debit the Personal A/c. in the Ledger and credit the Purchases A/c. (or Goods A/c.) at the end of the month with the total returns.

A Debit Note should be forwarded the same day advising the despatch of the goods.

An ordinary invoice form is often used for a Debit Note.

Debit Note.

<i>Mr. G. Green, Leeds.</i>				NEW STREET, HULL, 1st Sept., 19.....			
				<i>Debited by Mair & Co.</i>			
4 Kegs Paint	12/	£	s.	d.			
4 Kegs	1/	2	8	-			
12 lbs. short weight on white lead, 29th Aug.	2d.	-	4	-			
		-	2	-			
Per Mid. Ry.		2	14	-			

Exercises.

54.

A firm on 1st Sept. has the following balances:—

Cash, £400; Goods, £350; due by A. Neil, £50; G. Gray, £70; and Machinery, £300.

19—.

Sept. 1. Bot. goods from B. May	£50
„ 2. Sold goods to G. Gray	53
„ 5. Paid B. May cash	45
„ 5. Discount recd.	5
„ 7. Bot. Machinery for cash	50
„ 10. Cash sales	15
„ 15. G. Gray paid cash	68
„ 15. Discount given	2
„ 19. Paid Rent, cash	25
„ 21. A. Neil is bankrupt and pays 10s. in £, cash	25
„ 21. Balance bad debt	25
„ 23. Paid cash for repairs	5
„ 24. Sold goods to G. Gray	40
„ 25. G. Gray ret'd. goods	10
„ 28. Bot. goods from B. May	75
„ 29. Ret'd. goods to B. May	12
„ 30. Interest on capital	5
„ 30. Write off depreciation on Machinery	5
„ 30. Goods in stock	450

55.

O Clay's liabilities on 1st Sept. were J. Orr £50, B. Cain £75. Assets: Cash, £250; Goods, £400; Premises, £350; J. Brown, £73; B. White, £45; Horses, £70.

19—.

Sept. 1. Sold horse for cash	£30
„ 5. Paid B. Cain, cash	73
„ 5. Discount recd.	2
„ 7. B. White paid cash	41
„ 7. Discount alld.	4
„ 12. Cash purchases	15
„ 15. Sold J. Brown goods	75
„ 19. J. Brown ret'd. goods	15
„ 21. Paid wages, cash	12
„ 21. Cash sales	20
„ 23. Bot. goods from J. Orr	37
„ 24. Sold goods to B. White	45
„ 25. B. White ret'd. goods	5
„ 25. Paid exps. cash	10
„ 28. Private drawings, cash	15
„ 28. Bot. furniture for cash	25
„ 28. Bot. horse for cash	42
„ 30. Interest on capital	10
„ 30. Deprecn. on horses	5
„ 30. Deprecn. on premises	10
„ 30. Goods in stock	386

Exercise.

55a.

On 31 Oct., 19—, Wm. Stones' position was as follows:—Assets—
 Cash in bank, £559 16/8; Wm. Smith, debtor, £97 10/; Green &
 Co., debtors, £68 3/4. Liability—Geo. Neil, creditor, £25 10/.

Transactions.

Nov.	1.	Bought goods from Geo. Neil	-	-	-	£103 10 8
"	2.	Bought goods for cash	-	-	-	5 0 0
"	4.	Drew from bank for office cash	-	-	-	25 0 0
"	6.	Bought stamps, cash	-	-	-	2 0 0
"	6.	Sold goods to Wm. Brown	-	-	-	10 5 0
"	8.	Paid cheque to George Neil	-	-	-	25 10 0
"	10.	Sold goods for cash	-	-	-	26 3 0
"	10.	And lodged in the bank	-	-	-	25 0 0
"	15.	Sold goods to Wm. Smith	-	-	-	54 3 6
"	18.	Wm. Smith returns goods, damaged	-	-	-	3 17 6
"	20.	Received and banked cheque from Green & Co.	-	-	-	50 0 0
"	22.	Bought goods for cash	-	-	-	20 0 0
"	24.	Received and banked cheque from Wm. Smith	-	-	-	97 10 0
"	27.	Bought goods from R. Leask	-	-	-	117 8 3
"	27.	Returned goods defective to Leask	-	-	-	2 0 0
"	27.	Paid rent by cheque	-	-	-	12 10 0
"	29.	Sold goods to Green & Co.	-	-	-	113 10 0
"	29.	They return goods, damaged	-	-	-	12 0 0
"	30.	Sold goods for cash	-	-	-	15 0 0
"	30.	Paid rates and taxes, cheque	-	-	-	11 0 0
"	30.	Paid into bank	-	-	-	10 0 0
"	30.	Stock in hand	-	-	-	64 0 0

Write up the usual books and prepare Profit and Loss A/c. and
 Balance Sheet, 30th Nov., 19—.

Exercise.

55b.

Journalise the following transactions :—

March 1, 1912.	Allowed T. Horner for carriage - -	£0 17 4
„ 3, „	A. Smith bought goods from S. Monk	5 17 4
„ 5, „	P. Harvey paid his a/c., which was £35, and deducted $3\frac{1}{2}$ per cent. discount.	

Enter the following items in the proper books. post to Ledger, and draw up Trial Balance. The Cash Book to be balanced :—

Harry Brown took over a small business in which the stock of goods was valued at £250. He paid this amount, and in addition he had cash. £125. This was on 1 Jan., 1912.

Jan. 2.	Sold goods to Harker & Co. - - -	£56 5 0
„ 4.	Purchased goods from F. Fryer - - -	10 5 9
„ 5.	Paid sundry expenses - - - - -	1 2 9
„ 9.	C. Nicholson bought goods - - - -	18 17 6
„ 11.	Received cash from Harker & Co., for their a/c., allowing them discount 5 per cent.	
„ 15.	Sold goods for cash - - - - -	19 18 6
„ 15.	Bought goods from Merrick Bros. - -	17 4 6
„ 18.	Paid F. Fryer his a/c. (dis. 5/3) - - -	10 5 9
„ 23.	Received on account from C. Nicholson -	10 0 0
„ 30.	Paid sundry travelling and other exps. - -	3 18 8

1. What are Nominal A/cs., Liabilities, Cheques ?

2. Why is the Ledger the most important book in connection with accounting ?

3. Why are the totals of the Purchases and Sales Books posted to the Ledger, when previously the items from these books are posted to the separate personal a/cs. ?

4. Give the meanings of : E. & O.E., C.o.d., C/N., Contra.

(From the Union of Educational Institutions.)

Departmental A/cs.

In a business where different classes of goods are dealt in, the books may be arranged and ruled in sections to show the profit or loss on each kind.

A merchant selling wines and groceries, for example, desires to know what profit or loss he makes on each department. He classifies his transactions (according to the number of his departments) in the Bought and Sales Books, and opens in the Ledger separate Trading A/cs. for each, debiting each department with its purchases and all direct expenses, such as carriage and duty, etc., on purchases, and crediting the sales and stock in hand.

Expenses which cannot be definitely allocated to the departments, such as rent, taxes, salaries, and general expenses are charged to the P. and Loss A/c.

The profit or loss on each class of goods is carried direct to the P. and Loss A/c., as shown in the Ledger following.

Transactions of W. Brown, Merchant.

19—.

Sept. 1.	Capital in cash	-	-	-	£500
„ 3.	Bought wine for cash	-	-	-	150
„ 3.	Paid duty on same	-	-	-	20
„ 4.	Bot. groceries from A. Gee	-	-	-	170
„ 4.	Paid carriage on same	-	-	-	3
„ 10.	Sold wine to B. Kay	-	-	-	85
„ 18.	Sold groceries to W. Dean	-	-	-	110
„ 18.	Bot. groceries for cash	-	-	-	70
„ 19.	Paid bottler's wages	-	-	-	5
„ 28.	Bot. wine of A. Neil	-	-	-	10
„ 24.	Sold wine to B. Kay	-	-	-	40
„ 26.	Bot. groceries from A. Neil	-	-	-	73
„ 28.	Paid rent of shop	-	-	-	12
„ 28.	Sold groceries for cash	-	-	-	95
„ 30.	Sold wine for cash	-	-	-	10
„ 30.	Paid sundry expenses	-	-	-	15
„ 30.	On hand—Wine, £75; Groceries, £130.				

TABULAR BOUGHT BOOK.

		Fol.	Amount.			Wines.			Groceries.		
19—.											
Sept. 4	A. Gee. Groceries - -		170	-	-				170	-	-
" 26	A. Neil. Groceries - -		73	-	-				73	-	-
" 28	A. Neil. Wine - - -		10	-	-	10	-	-			
			253	-	-	10	-	-	243	-	-
						Fol.			Fol.		

TABULAR SALES BOOK.

		Fol.	Amount.			Wines.			Groceries.		
19—.											
Sept. 10	B. Kay. Wine - - -		85	-	-	85	-	-			
" 18	W. Dean. Groceries - -		110	-	-				110	-	-
" 24	B. Kay. Wine - - -		40	-	-	40	-	-			
			235	-	-	125	-	-	110	-	-
						Fol.			Fol.		

Dr.

CASH BOOK.

Cr.

		£	s.	d.			£	s.
19—.					19—.			
Sept. 1	To Cash in hand	500	-	-	Sept. 3	By Purchases	150	-
" 28	" Sales (groceries)	95	-	-		(wine) - }		
" 30	" Sales (wine) -	10	-	-	" 3	" Duty on wine	20	-
					" 4	" C'g (groceries)	3	-
					" 18	" Purchases do.	70	-
					" 19	" Wages (wine)	5	-
					" 23	" Rent - -	12	-
					" 30	" Sundry exps.	15	-

Ledger.

Dr.		WINES A/c.				Cr.	
19—.				19—.			
Sept. 3	To Cash purchases	150	-	Sept. 30	By Cash sales	10	-
" 3	" Duty - -	20	-	" 30	" Credit do. -	125	-
" 19	" Wages - -	5	-	" 30	" Stock in hand	75	-
" 30	" Credit pur- chases	10	-				
" 30	" Profit to P. & L. A/c. }	25	-				
		210	-			210	-
Oct. 1	To Stock B/d. -	75	-				

GROCERIES A/c.

Sept. 4	To Carriage -	3	- -	Sept. 28	By Cash sales -	95	- -
" 18	" Cash purchases	70	- -	" 30	" Credit do. -	110	- -
" 30	" Credit do.	243	- -	" 30	" Stock in hand	130	- -
" 30	" Profit to P. & L. A/c. }	19	- -				
		335	- -			335	- -
Oct. 1	To Stock B/d. -	130	- -				

PROFIT AND LOSS A/c.

Sept. 30	To Rent - -	12	- -	Sept. 30	By Profit on wines	25	- -
" 30	" Expenses -	15	- -	" 30	" do. on groceries	19	- -
" 30	" Net profit to Capital A/c. }	17	- -				
		44	- -			44	- -

RENT A/c.

Sept. 28	To Cash - -	12	- -	Sept. 30	By P. & L. A/c.	12	- -
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GENERAL EXPENSES A/c.

Sept. 30	To Cash - -	15	- -	Sept. 30	By P. & L. A/c.	15	- -
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Dr.

CAPITAL A/c.

Cr.

Sept. 1	By Cash - -	500	-	-
" 30	" Net profit -	17	-	-

56.

Open A/cs. for Tea & Coffee.

19—.

Sept. 1.	Capital in cash - - -	£450
" 3.	Bot. tea for cash - -	90
" 3.	Paid duty on do. - -	15
" 4.	Bot. coffee of G. Don -	85
" 5.	Sold tea for cash - -	90
" 7.	Bot. tea of O. Kent - -	65
" 10.	Paid tea blenders' wages	4
" 18.	Sold coffee to J. Hay -	40
" 19.	Paid office wages - -	5
" 24.	Paid taxes - - - -	4
" 28.	Sold tea to J. Hay - -	37
" 30.	Sold coffee for cash - -	25
" 30.	In hand tea £70, Coffee	30

57.

Open A/cs. for Wheat & Corn.

19—.

Sept. 1.	Cash on hand - - -	£200
" 5.	Bot. wheat from A. Hall	150
" 7.	Paid freight on do. -	10
" 10.	Bot. corn for cash - -	90
" 15.	Cash sales, wheat - -	70
" 19.	Do. corn - - - -	65
" 24.	Bot. wheat of A. Heap -	69
" 26.	Sold corn to W. Best -	20
" 28.	Sold wheat to R. Boyd -	90
" 28.	Bot corn, cash - - -	55
" 28.	Paid carriage on do. -	5
" 30.	Paid general exps. - -	10
" 30.	In hand wheat £80, corn	70

58.

Enter the following transactions, opening A/cs. for Woollens, Cottons, and Prints, and prepare balance sheet:—

Sept. 1.—Cash in hand, £500. Stock in hand—Woollens, £240; cottons, £560; prints, £225.

Sept. 2. Sold W. Cook, 560 yds. cotton @ 4½d.

" 3. Bot. of R. Dick, 150 yds. prints @ 5d.

" 4. Cash Sales—Cotton, £250; prints, £105.

" 5. Sold W. Edgar, 998 pcs. woollens @ 3s. 4d.

" 8. Cash Purchases—Woollens, £36; prints, £5.

" 9. Paid carriage—Cotton, £3; prints, £7.

" 10. Paid office wages, £10; rent, £30.

" 12. Bot. of R. Dick, 88 yds. cotton @ 3½d.

" 14. Sold W. Edgar, 910 yds. prints @ 7½d.

" 15. Paid for packing—Prints, £3; cotton, £7.

" 19. Bot. of R. Dick, 94 pcs. woollens @ 6s. 8d.

" 21. Paid carriage—Cotton, £4; woollens, £3.

" 22. Paid traveller's wages and expenses, £15.

" 30. Stock in hand—Cotton, £300; woollens, £200; prints, £150.

Exercise.**59.**

K. Lipton, Tea and Coffee Merchant, asks you to open a set of books as on the 1st January, 1908, and write them up for him. His position on the 1st January, 1908, was as follows:—

Assets.

	£	s.	d.
Cash in hand - - - - -	23	9	10
Cash in bank - - - - -	450	16	9
Stock of tea - - - - -	327	10	0
Stock of coffee - - - - -	230	0	0
Debtors, A. Brown - - - - -	27	6	3
I. Johnson - - - - -	17	5	6
	1076	8	4

Liabilities.

Creditors, V. Wilson - - - - -	175	0	0
C. Dick - - - - -	276	0	0
	451	0	0

All cash received is paid into bank the same day.

All payments are in cash or by cheque as stated.

His transactions for January are as follows:—

1908.

Jan. 4.	Sold to A. Brown, 5 chests of tea @ £2	-	-	£10	0	0
	3 bags of coffee @ £3	-	-	9	0	0
	Sold to I. Johnson, 2 chests of tea at £2 2s. 6d.	-	-	4	5	0
	2 bags of coffee @ £3 5s.	-	-	6	10	0
„ 6.	Recd. cash from A. Brown, £27, allowing him discount 6s. 3d.					
„ 7.	Sold to I. Johnson, 3 chests of tea @ £2	-	-	6	0	0
	2 bags of coffee @ £3	-	-	6	0	0
„ 8.	Recd. from I. Johnson, £17, allowing him discount 5s. 6d.					
„ 11.	Recd. from A. Brown £18 15s., allowing him discount 5s.					
	Paid (in cash) wages, £18.					
„ 13.	Recd. from I. Johnson, £22, allowing him discount 15s.					

Exercise—Continued.

19—.

Jan. 14.	Bought from V. Wilson, 4 chests of tea @ £1 15s. -	£7 0 0
	3 bags of coffee @ £2 10s.	7 10 0
	Bought from C. Dick, 15 chests of tea @ £2 -	30 0 0
	10 bags of coffee @ £2 10s. -	25 0 0
„ 16.	Gave V. Wilson cheque for £173 10s., being allowed discount £1 10s.	
	Gave C. Dick cheque for £270, being allowed discount £6	
„ 17.	Bought from V. Wilson, 2 chests of tea @ £1 10s. -	3 0 0
	6 bags of coffee at £2 15s.	16 10 0
„ 18.	Sold to A. Brown, 4 chests of tea @ £2 5s. -	9 0 0
	3 bags of coffee @ £3 10s. -	10 10 0
„ 23.	Sold to I. Johnson, 1 chest of tea @ £2 5s. -	2 5 0
	2 bags of coffee @ £3 -	6 0 0
„ 25.	Cash Sales—Tea, £15; coffee, £10.	
„ 28.	Purchased (by cheque) tea, £8; coffee, £5.	
„ 31.	Drew from bank for business purposes -	35 0 0
	Paid (in cash) wages, £18.	
	Paid (in cash) 1 month's rent, £15.	
	Paid sundry petty expenses, £3 10s.	
	Drew from bank for private purposes -	25 0 0

Enter into proper books, and prepare Trial Balance, Profit and Loss A/c., and Balance Sheet. Stocks—Tea, £400; coffee, £350.

The Cash Book with Bank Columns.

Nowadays one receives and pays mostly by means of cheques, very little actual coin being used. It is necessary to pay the cheques we receive into the bank to be collected for us. When we remit money, it is safer to pay by cheque. Should we have more ready money in the office than is necessary to meet our immediate requirements, we pay same to our bankers, or, again, if we run short of cash, we can draw from the bank by making the cheque payable to ourselves.

It will be easily understood that it is more convenient to keep our Cash and Bank A/cs. in one book, namely, the Cash Book, and when we employ this method the book is said to be kept on the Tabular System. The only difference between it and the Cash Book previously described is that an extra money column is provided on each side, and above this column the word "Bank" is written.

Cash Book.

The usual order of the three columns on each side is Discount, Cash, Bank. All cash received or paid is entered in the cash column.

Any cash at the bank is placed on the Dr. side in the bank column, and all cheques received are entered in this column because the money will be received through the bank. All payments made by cheque will be entered on the Cr. side of the Cash Book, in the bank column, as the money will be paid through the bank. When we pay cash out of the office cash to our bankers, the amount is entered on the Dr. side of Cash Book in the bank column, because the bank receives, and also on the Cr. side in the cash column, because cash is given.

If we draw cash for office use from the bank, directly opposite entries are made—that is, cash is debited because cash is received, and bank credited because the bank gives.

It should be noted that transfers of money from bank to office cash and vice versa are entries which concern the Cash Book only. To indicate that such entries are not to be posted into the Ledger C (contra) is placed opposite them in the folio column.

Here are a few cash, bank, and discount transactions:—

19—.				£	s.	d.
Sept. 1.	Cash on hand	-	-	20	10	0
„ 1.	Cash at bank	-	-	500	7	6
„ 2.	Paid E. Evans, cheque	-	-	66	0	0
„ 2.	Discount recd. from him	-	-	4	0	0
„ 4.	F. Fox, paid cash	-	-	10	5	3
„ 5.	Cash sales	-	-	30	5	2
„ 7.	Paid expenses, cash	-	-	5	7	6
„ 7.	Paid to bank	-	-	20	0	0
„ 9.	Settled J. Orr's A/c., cheque	-	-	68	5	0
„ 9.	Discount received	-	-	3	5	6
„ 12.	Cash purchases	-	-	19	7	3
„ 15.	Drew from bank	-	-	10	0	0
„ 19.	R. Gill paid cheque	-	-	53	2	6
„ 19.	Discount allowed	-	-	2	12	6
„ 23.	Paid wages, cash	-	-	8	7	0
„ 25.	W. Ford paid cheque	-	-	17	3	0
„ 25.	Discount allowed	-	-	0	18	0
„ 30.	Sold goods for cheque	-	-	7	8	0

Tabular or Columnar Cash Book.

Dr.

Cr.

Date.		Fol.	Disct.	Office Cash.	Bank.	Date.		Fol.	Disct.	Office Cash.	Bank.
19-- Sept. 1	To Balance -	B/f.		20 10 0	500 7 6	19-- Sept. 2	By E. Davis -		4 0 0		66 0 0
" 4	" F. Fox -			10 5 3		" 7	" Exps. -			5 7 6	
" 5	" Sales -			30 5 2		" 7	" Bank -	C		20 0 0	
" 7	" Cash -	C			20 0 0	" 9	" J. Orr -		3 5 6		68 5 0
" 15	" Bank -	C		10 0 0		" 12	" Purchases		19 7 3		
" 19	" R. Gill -		2 12 6		53 2 6	" 15	" Cash -	C			10 0 0
" 25	" W. Ford		0 18 0		17 3 0	" 23	" Wages -			8 7 0	
" 30	" Sales -				7 8 0	" 30	" Balance -	C/d.		17 18 8	453 16 0
			3 10 6	71 0 5	598 1 0				7 5 6	71 0 5	598 1 0
Oct. 1	To Balance -			17 18 8	453 16 0						

Cash Book.

Pass the following through the Cash Book, using discount, cash, and bank columns:—

60.	61.
19—.	19—.
Oct. 1. Cash on hand . . . £50	Oct. 1. Bank overdraft . . . £100
„ 1. Cash at bank . . . 200	„ 1. Cash in office . . . 15
„ 3. J. Glen sent cheque . . . 95	„ 2. Gave R. Dean cheque . . . 24
„ 3. And bank note . . . 5	„ 2. Deducted discount . . . 2
„ 3. Discount given him . . . 5	„ 5. R. Fell paid cheque . . . 170
„ 3. Cash banked . . . 40	„ 5. Discount given . . . 12
„ 6. Paid H. Kay cheque . . . 27	„ 9. Cheque for rent . . . 10
„ 10. Cash sales . . . 10	„ 12. Paid wages, cash . . . 12
„ 15. Paid wages, cash . . . 15	„ 13. Drew from bank . . . 10
„ 17. A. Coats paid cheque . . . 73	„ 15. R. Fell paid cash . . . 45
„ 24. Sent R. Gale cheque . . . 58	„ 15. Banked . . . 35
„ 24. Discount deducted . . . 3	„ 17. R. Jones paid cash . . . 8
„ 27. Drew cheque & paid rent . . . 12	„ 24. Postages, cash . . . 4
„ 29. Drew cash from bank . . . 10	„ 29. Drew for self, cash . . . 10
„ 31. Private drawings, cash . . . 8	„ 31. Cash purchases . . . 5

Note.—An overdraft at the bank must be entered and brought down on the credit side of the Cash Book—the opposite from cash in the bank.

The Petty Cash Book.

Petty cash payments are usually entered in a special book so as not to burden the Cash Book with small payments. The method which finds most favour is that known as the “Imprest System.” At the beginning of the year a cheque for a certain sum (estimated to be sufficient to meet the petty payments for a month) is handed to the petty cash clerk.

The cashier enters this cheque on the Cr. side of his cash book, debiting petty cash, and enters, in the folio column, the petty cash book folio. The petty cash clerk enters the amount on the Dr. side of his petty cash book, and inserts the cash book folio.

The petty cash clerk should be provided with a book of printed and numbered receipt forms, and no cash should be paid unless one of those receipts has been signed by the party receiving the cash.

The Petty Cash Book may be divided into columns with suitable headings such as the following:—

Petty Cash Book—Imprest System (£10 in hand).

(7)

Date.	Amount Received.	C.B. Fol.	Date.	Particulars.	Total.	Gen. Expenses.	Stationery.	Postages.	Carriage.
19—, Sept. 1	£ s. d. 10 0 0	6	19—, Sept. 1	Stamps -	1 0 0			1 0 0	
" 30	9 7 0	9	" 5	Notepaper -	2 5 6		2 5 6		
			" 10	Fares -	1 4 0	1 4 0			
			" 16	Cleaning -	0 7 6	0 7 6			
			" 25	Carriage -	2 10 0				2 10 0
			" 30	Memo. Books -	2 0 0		2 0 0		
					9 7 0	1 11 6	4 5 6	1 0 0	2 10 0
			" 30	Bal. in hand O/d -	10 0 0				
	19 7 0				19 7 0				
Oct. 1	10 0 0								

Petty Cash Book.

At the end of the month the petty cash clerk balances off his petty cash book, makes a summary of his disbursements, takes it, together with the receipts, to the cashier, who, after checking and passing same, writes out a cheque for the month's payments, which in the foregoing instance amounts to £9 7s., thus restoring for the next month the "imprest" amount—£10—in the hands of the petty cash clerk. The cashier meanwhile enters the payment in his cash book as below:—

CASH BOOK.		(9)		Cr.
	Fol.	Disct.	Cash.	Bank.
Sept. 30. Petty Cash, viz.:—	P.C.B. 7			9 7 0
Exps. 1 11 6				
Staty. 4 5 6				
Posts. 1 0 0				
Carr. 2 10 0				

These amounts are posted from here to the Dr. of the A/cs. in the ledger, or, as some book-keepers prefer, the items may be posted direct to the ledger from the summary in the petty cash book, thus avoiding the detailing of the payments in the general cash book.

62.

Write up Petty Cash Book from the following:—

19—.

Sept. 1.	Amount in hand	-	-	-	-	£10
" 2.	Workmen's fares	-	-	-	-	5/-
" 3.	Postage stamps	-	-	-	-	15/-
" 4.	Carriage on parcel	-	-	-	-	1/-
" 7.	Clerks' tea money	-	-	-	-	5/-
" 9.	Advertisement	-	-	-	-	2/-
" 10.	Cleaning office	-	-	-	-	12/-
" 14.	Envelopes	-	-	-	-	15/-
" 17.	Carriage for August	-	-	-	-	18/-
" 19.	Receipt stamps	-	-	-	-	5/-
" 23.	Car fares	-	-	-	-	1/-
" 25.	Notepaper	-	-	-	-	10/-
" 28.	Railway fares	-	-	-	-	7/-
" 30.	Gratuities	-	-	-	-	10/-

Open a/cs. for General Exps., Stationery, Postages, and Carriage.

A cheque was received on 30th September to refund the payments.

Pass the following transactions through Day Books, General and Petty Cash Books, Returns Book, and Journal. Prepare trial balance, make closing entries, and draw up balance sheet:—

63.

19—.

Sept. 1. Cash in office, £25; in bank, £500. Stock, £450. Owing by R. Scott, £200; O. Muir, £55. Furniture, £70. Owing to R. Hall £75, and O. Pott £215.

Sept. 1. Advanced cheque to P.

cash	-	-	-	-	£20
„ 2. Sold R. Scott goods	-				110
„ 5. Cash sales (banked)	-				25
„ 7. O. Muir paid cheque	-				23
„ 7. Discount given	-				2
„ 15. Paid carriage (p.c.)	-				4
„ 15. Bought stamps (p.c.)	-				2
„ 19. Paid R. Hall, cheque	-				72
„ 19. Discount reed.	-				3
„ 23. O. Muir pays (cheque)					
1st and final divd. of					
10s. in £	-				15
„ 24. Sold goods to R. Gunn	-				47
„ 25. He returns goods	-				7
„ 25. Bot. goods of O. Pott	-				55
„ 28. Paid him cheque	-				100
„ 28. Retd. him goods	-				15
„ 30. Sundry exps. (p.c.)	-				8
„ 30. Paid wages office cash	-				10
„ 30. Refunded P. cash for					
month	-				14
„ 30. Goods on hand	-				400

64.

19—.

Oct. 1. Cash in hand, £20. P. Cash in hand, £20. Bank, £350. Stock, £500. Due by S. Neil, £73; G. Gray, £50. Due to R. Bates, £75; and W. Ash, £80. Loan due to B. Lane, £100.

Oct. 1. Paid R. Bates cheque	-	£70
„ 1. Discount reed.	-	5
„ 2. Cash sales £25, banked	-	20
„ 3. Bot. 2 horses for cheque	-	70
„ 10. Drew from bank	-	10
„ 12. Bot. goods of W. Ash	-	75
„ 17. Sold goods to S. Neil	-	115
„ 19. Credited him goods	-	4
„ 21. Private exps., office cash		10
„ 21. Recd. cash from G. Gray		15
„ 22. S. Neil pays cheque	-	70
„ 22. Discount given	-	3
„ 23. Cash sales, banked	-	15
„ 26. Repaid loan, cheque	-	100
„ 27. Bot. goods for cheque	-	70
„ 28. Paid wages office cash	-	13
„ 29. Lodged in bank	-	10
„ 31. Deprecn. on horses	-	5
„ 31. Cheque for P. Cash, viz.:		
Carriage, £8; Expenses, £10	-	18
„ 31. Goods on hand	-	520

Exercises.

65.

On 1st Oct. my Assets & Liabilities were as follows:—

Liabilities—T. Watt, £120; W. Dore, £56. Assets—Bank, £560; J. Neil, £40; Machinery, £440; Goods, £150.

19—.

Octr. 1. Advanced cheque to P.	
cash - - - - -	£15
„ 2. Bot. goods of W. Dore -	85
„ 3. Paid carriage, P. cash -	5
„ 5. Drew cheque for office cash - - - - -	20
„ 7. Paid wages office cash -	12
„ 9. Bot. goods of J. Gray -	27
„ 10. Sent him a Dr. note for goods - - - - -	5
„ 12. Paid exps. P. cash - -	4
„ 15. Sold goods to J. Neil -	70
„ 17. He returned goods - -	8
„ 20. Postages P. cash -	2
„ 21. Recd. cheque from J. Neil - - - - -	38
„ 21. Discount allowed - -	2
„ 23. Paid cheque to W. Dore -	53
„ 23. Discount deducted - -	3
„ 24. Cash sales, banked - -	20
„ 26. Private drawings, cheque	20
„ 26. Cash purchases, cheque -	20
„ 27. Bot. goods of J. Gray -	43
„ 29. Drew for office cash -	20
„ 29. Paid J. Gray, office cash	15
„ 31. Refunded P. cash for mo.	11
„ 31. Goods on hand - - -	300

66.

A merchant's books disclose the following balances on 1st Oct.:—

Debtors—R. Gale, £50; B. Glen, £160. Cash in hand, £200; P. Cash, £10. Creditors—A. Hogg, £53; W. Holt, £27. Bank overdraft, £50.

19—.

Oct. 1. Paid into bank -	£150
„ 2. Bot. goods, cheque - -	95
„ 5. Purchases office cash -	40
„ 7. Drew cheque for wages -	10
„ 9. Stamps, p. cash - - -	5
„ 10. Sold goods to B. Glen -	25
„ 15. Bot. goods of A. Hogg -	150
„ 15. Sent him cheque - -	49
„ 15. Discount received - -	4
„ 17. Sold goods to B. Glen -	80
„ 21. Cash sales, banked - -	45
„ 21. B. Glen returns goods -	10
„ 22. Bot. horse, cheque - -	25
„ 23. Carriage, p. cash - -	2
„ 24. R. Gale pays cheque - -	50
„ 26. Gale's cheque returned by the bank, dishonoured - - - -	50
„ 27. Sold goods for cash - -	8
„ 28. Gale's a/c. totally bad; write off as bad debt -	50
„ 29. Paid rent office cash -	10
„ 30. Paid W. Holt, cheque -	27
„ 31. Repaid petty exps., cheque	7
„ 31. Interest on capital - -	5
„ 31. Depreciation on live stock	200
„ 31. Goods on hand - - -	200

Preparing Profit and Loss A/c. and Balance Sheet from Trial Balance only.

Given the stock in hand at the end of the financial period, it is a simple matter to draw out a P. and Loss A/c. and Balance Sheet from the Trial Balance.

If we have arranged our ledger in a methodical manner, we should have together all the a/cs. taken from the bought ledger. Any of these a/cs. which do not square will have a Cr. balance—a liability. Likewise the a/cs. of persons to whom we have sold goods (sales ledger balances) will be together, and any balances here will be on the debit side, representing an asset.

The Impersonal "A/cs (or a/cs. of income and expenditure) should be kept in the ledger by themselves for facility in making up the trading (or goods a/c.) and profit and loss a/cs.

The following is a list of Impersonal A/cs. which may appear in a Trial Balance, and shows how they are usually dealt with.

It should be noted that Trading A/c., which resembles Goods A/c., is simply a section of the P. and Loss A/c.:—

Losses—Dr. Balances.

Purchases	-	-	-	-	} Transfer to Trading A/c.
Returns inwards	-	-	-	-	
Wages (manufacturing)	-	-	-	-	
Carriage and Freight	-	-	-	-	
Coal and Coke	-	-	-	-	
Royalties	-	-	-	-	
Salaries	-	-	-	-	} Transfer to P. and Loss A/c.
Rent, Taxes, and Ins'ce	-	-	-	-	
Discount and Interest	-	-	-	-	
Commission and Trav'g Exps.	-	-	-	-	
Stationery and Advertising	-	-	-	-	
Sundry Exps., Repairs, &c.	-	-	-	-	
Bad Debts	-	-	-	-	} Transfer to Capital A/c.
Depreciation	-	-	-	-	
Drawings A/c.	-	-	-	-	

Gains—Cr. Balances.

Sales	-	-	-	-	} Transfer to Trading A/c.
Returns outward	-	-	-	-	
Discount and Interest	-	-	-	-	} Transfer to P. and Loss A/c.
Rent and Dividends	-	-	-	-	
Commission	-	-	-	-	

Any Stock on hand at the **beginning** of the period is always shown in the Tr. Balance, and is debited to Trading, and stock in hand at the end of the period is credited to Trading A/c.

Each Dr. balance of a Personal or Real A/c. is an asset, and must appear in the Balance Sheet, such as Debtors, Cash, Property and Plant, Stock, Goodwill, etc.

Each Cr. balance of a Personal A/c. is a liability, and must appear in the Balance Sheet, such as Creditors, Bank Overdraft, Loans, etc., and Capital.

Undernoted is a short trial balance, with the final a/cs. drawn up:—

TRIAL BALANCE, 31st October, 19—.

	<i>Dr.</i>	<i>Cr.</i>
Cash - - - - -	£510	
Buildings and plant - - - - -	300	
Stock (at beginning) - - - - -	100	
G. Smith (Debtor) - - - - -	185	
A. Jones (Creditor) - - - - -		£90
Purchases - - - - -	300	
Wages - - - - -	70	
Carriage - - - - -	15	
Salaries - - - - -	50	
Rent and taxes - - - - -	32	
Sundry exps. - - - - -	35	
Drawings - - - - -	10	
Sales - - - - -		507
Discount - - - - -		10
Capital - - - - -		1000
	£1607	£1607

Stock in hand, 31st Oct., £130.

<i>Dr.</i>	TRADING ACCOUNT, 31st October,	<i>Cr.</i>
To Stock - - - - -	£100	By Sales - - - - - £507
„ Purchases - - - - -	300	„ Stock - - - - - 130
„ Wages - - - - -	70	
„ Carriage - - - - -	15	
„ Gross Profit - - - - -	152	
	£637	£637

Exercises.

70.

Prepare Trading and Profit and Loss A/cs. and Balance Sheet—

W. Dobson, year ending 31 Dec., 19—.

	Dr.	Cr.
✓ Purchases - - -	£1400	
✓ Wages - - -	480	
✓ Rates and Taxes - -	46	
✓ Salaries - - -	200	
✓ Sundry Debtors - -	480	
✓ Cash in bank - -	1000	
✓ Cash in hand - -	200	
✓ Stock 1 Jan. - -	639	
✓ Fittings and fixtures -	55	
✓ Sales - - -		£2103
✓ Sundry creditors - -		150
✓ Capital - - -		2247
	£4500	£4500

Stock in hand at end of year, £715.

71.

Geo. Affleck's balances, year ending 31 Dec., 19—.

	Dr.	Cr.
Cash in bank - -	£1163	
Cash in hand - -	12	
Sundry debtors - -	204	
Stock 1 Jan. - -	616	
Buildings - -	1253	
Plant and fixtures -	500	
Bad debts - -	10	
Purchases - -	969	
Wages - -	483	
General expenses -	214	
Sundry creditors - -		£205
Sales - -		1934
Capital - -		3285
	£5424	£5424

Stock in hand at end of year, £400.

Exercises.

72.

Prepare Trading and Profit and Loss A/cs and Balance Sheet—

Balances : G. Hart & H. Green (Partners), 6 months ending 30 June, 19—.

	Dr.	Cr.
G. Hart, capital - -		£2000
H. Green, capital - -		1000
Drawings, Hart - -	£50	
Drawings, Green - -	40	
Bank overdraft - -		230
Sales - - - -		3105
Discounts - - - -	201	
Stock 1 Jan. - - -	509	
Purchases - - - -	2106	
Carriage - - - -	104	
General expenses - -	456	
Cash in hand - - -	12	
Machinery - - - -	2857	
	<u>£6335</u>	<u>£6335</u>

Write £100 Depreciation off Machinery ; Stock, 30 June, £521 ;
Divide Profits—Hart 2/3rds, Green 1/3rd.

73.

Balances : A. Wilson & J. Ralston (Partners), 30 June, 19—.

	Dr.	Cr.
Stock 1 Jan. - - -	£760	
Purchases - - - -	1358	
Wages - - - - -	704	
General expenses - -	503	
Sundry debtors - - -	256	
Plant and fittings -	700	
Cash in bank - - -	664	
Sales - - - - -		£3106
Sundry creditors - -		100
Capital, Wilson - - -		1000
Capital, Ralston - - -		739
	<u>£4945</u>	<u>£4945</u>

Write £50 Depreciation off Plant, &c. ; Stock, 30 June. £257 ; Divide
Profits or Losses equally.

Exercises.

74.

Prepare Trading and Profit and Loss A/cs. and Balance Sheet—

Balances : Queen & Co., year ending 31 Dec., 19—.

	Dr.	Cr.
<i>Trade</i> ✓ Stock 1 Jan. - - £2056		
✓ Purchases - - - 2184		
✓ Wages - - - 785		
Rent and rates - - 205		
<i>Pa'd a/c</i> Office expenses - - 104		
Sundry debtors - - 435		
Office furniture - - 110		
Cash in hand - - 12		
Bank overdraft - -		£406
Sundry creditors - -		209
✓ Sales - - -		3976
Capital - - -		1300
	<u>£5891</u>	<u>£5891</u>

Allow for Rent, £10 owing; Stock, 31 Dec., £1350.

75.

Balances : Smith & Brown (Partners), year ending, 31 Dec., 19—.

	Dr.	Cr.
Capital, Smith - -		£1666
Capital, Brown - -		1333
Drawings, Brown - - £100		
Sundry debtors - - 707		
Buildings - - - 2050		
Stock 1 Jan. - - 886		
Purchases - - - 1349		
Carriage - - - 107		
Salaries - - - 355		
Office expenses - - 257		
Sales - - -		2109
Sundry creditors - -		203
Bank loan - - -		500
	<u>£5811</u>	<u>£5811</u>

Divide Profits— $3/5$ ths. Smith, $2/5$ ths. Brown; Stock, 31 Dec., £945.

Exercises.

76.

Prepare Trading and Profit and Loss A/cs. and Balance Sheet--

Balances : Williams & Sons, 6 months ending 31 Dec., 19—.

	Dr.	Cr.
✓ Cash in bank - -	£785	
✓ Cash in hand - -	25	
✓ Sundry debtors - -	1348	
✓ Furniture and fittings - -	500	
✓ Stock 1 July - -	787	
✓ Wages - - - -	396	
✓ Salaries - - - -	297	
✓ Purchases - - - -	995	
✓ General expenses - -	370	
Sales - - - -		£2435
Discounts - - - -		78
Sundry creditors - -		190
Capital - - - -		2800
	<u>£5503</u>	<u>£5503</u>

Write £25 off Furniture, &c. ; allow for Interest on Capital, £70 ; Stock, 31 Dec., £400.

77.

Balances : Robert Henry, 6 months ending 30 June, 19—.

	Dr.	Cr.
Drawings, Henry - -	£100	
Cash in bank - -	507	
Cash in hand - -	15	
Horses and carts - -	250	
✓ Horse keep - - -	73	
✓ Purchases - - - -	991	
✓ Carriage - - - -	104	
✓ Salaries - - - -	255	
✓ Office expenses - -	216	
✓ Sundry creditors - -		£250
✓ Sales - - - -		1313
Capital - - - -		948
	<u>£2511</u>	<u>£2511</u>

Write off Horses and Carts, £20 Depreciation ; Interest on Capital, £23 ; Stock, 30 June, £469.

BILLS.

Bills are very extensively used, both in inland and foreign trade, as a medium for the settlement of debts.

The small trader finds a bill a ready means of obtaining extended credit.

And it is surprising the number of substantial and even wealthy firms who are obliged to give, as well as receive, bills in payment of debts. In fact, in certain trades, the bulk of the business is conducted by means of bills.

Let us suppose that a manufacturer, in the course of trade, finds himself in need of ready money in payment of goods he has sold to a tradesman.

The tradesman, however, may find it inconvenient to pay prompt cash, and asks for three months' credit.

Both parties can be satisfied by means of a Bill of Exchange.

The manufacturer "draws" or writes out a bill or draft on a properly stamped form (obtainable from any Post Office) in this manner:—

UNION MILLS,
MANCHESTER, 1st October, 1908.

£100 0 0

Three months after date pay to my order in London the sum of one hundred pounds, value received.

JOHN SMITH
(The Manufacturer).

Mr. Mark Kelly, Jr.,
14 Bold Street,
Liverpool.

The tradesman takes the bill, turns it longways, and signs it across the face, thereby engaging himself to pay it at maturity.

If he wishes to make the bill payable at a bank, he may either write or stamp across the bill the name of the bank, as shown below:—



£100-0-0.

Union Mills,
Manchester, 1st Oct 1908.

Three months after date pay to my order in London the sum of one hundred pounds value received.

Mr. Mark Kelly Jr.
14 Bold Street.
Liverpool.

ACCEPTED PAYABLE TO ORDER OF
LLOYDS BANK LIMITED
71 Lombard Street London

Mark Kelly Jr.

John Smith.

BILLS.

When the place of payment is stated, the bill is said to be "domiciled."

If no place is stated, the bill must be presented for payment at the address of the acceptor.

Having been accepted, the draft becomes an "Acceptance," and the manufacturer, being in want of cash, will endorse the bill and take it to his banker to discount—that is, the banker (provided he is satisfied as to the standing of the parties to the bill) will credit his account with the amount, less a small charge for discount or interest, probably at the rate of 5 or 6 per cent. per annum.

At the end of three months and three days (called days of grace), viz., on 4th January, the tradesman will require to pay the bill, by which time he will probably have sold most of the goods he bought from the manufacturer, and be in funds to meet his acceptance.

It will thus be seen that the manufacturer receives the cash forthwith, whilst the tradesman does not require to pay until the due date at the end of three months.

There are five essentials to a bill, viz.:—Date, Term, Amount (in words and figures), Parties, and Stamp.

The person who draws or writes the bill is known as the "Drawer."

The "Payee" is the person to whom or to whose order the money is payable.

The Drawer and Payee are often, although not necessarily, the same person. In the illustration given, John Smith is both Drawer and Payee.

The person who is requested to pay is called the "Drawee," and when he signs the bill, the "Acceptor."

In the books of Smith, the manufacturer, the bill being drawn by him is known as a Bill Receivable, because he has to receive the value, whilst to the tradesman (the Acceptor, Kelly) it is known as a Bill Payable, because he has to pay it. The same document is therefore both a Bill Receivable and a Bill Payable.

Sometimes bills are made out in the form of a "Promissory Note," which is an acceptance complete in itself, and has practically the same effect as an ordinary bill.

A Promissory Note.

£100 0 0 14 BOLD STREET,
LIVERPOOL, 1st October, 1908.

Three months after date I promise to pay John Smith or order the sum of one hundred pounds, value received.

Payable at Lloyd's Bank, Ltd., MARK KELLY, JR
London.

BILLS.

One advantage of a Pro. Note is that it does not require acceptance—the drawer and acceptor being identical.

Bills of Exchange drawn in the United Kingdom are subject to stamp duty as follows:—

Bills payable on demand, at sight, or within three days after date or sight, for whatever amount - - - - 2d.

Bills payable otherwise than above:—

Where the amount does not exceed £5 - - - - 2d.

Exceeds £5, but does not exceed £10 - - - - 2d.

„ £10, „ „ £25 - - - - 3d.

„ £25, „ „ £50 - - - - 6d.

„ £50, „ „ £75 - - - - 9d.

„ £75, „ „ £100 - - - - 1/-

For every £100 or fraction thereof - - - - 1/-

The duty of 2d. upon bills on demand, at sight, or within three days after date or sight may be denoted by an adhesive stamp, but all other bills require an impressed stamp, which cannot be put on after execution of the instrument.

Bill transactions may be passed through the journal if the items are few.

Example:—When Kelly accepted and handed the Bill or Pro. Note to Smith he would require, in his books, to debit Smith and credit B. Payable A/c., because Bills Payable always **Go Out**.

Thus:—

Journal Entry.

Smith Dr. £100.

To B. Payable £100.

For bill due 4th Jan. given to Smith.

In Kelly's ledger, Smith would be debited and B. Payable A/c. credited.

On the other hand, when Smith receives the Bill, he must, in his books, debit B. Receivable A/c. and credit Kelly, because Bills Receivable always **Come In**.

Thus:—

Journal Entry.

B. Receivable Dr. £100.

To Kelly £100.

For bill due 4th Jan. recd. from Kelly.

In Smith's ledger, B. Receivable is debited and Kelly's A/c. credited.

The rule therefore is that all Bills **Going Out**—that is, your undertakings to pay—are termed Bills Payable, and all Bills **Coming In** to you are termed Bills Receivable.

When bill transactions are numerous it is preferable to use two books, viz., Bills Receivable Book and Bills Payable Book.

Bills Receivable Book.

[illegible]

Bills Payable Book.

[illegible]

BILLS.

According to the rules of Double-Entry, bills coming in from customers and recorded in the Bills Receivable Book are posted to the credit of the Personal A/cs. in the ledger, and at the end of the month the total of bills received is posted to the debit of Bills Receivable A/c. in the ledger.

The Bills Payable Book recording acceptances given is posted in exactly the opposite manner—that is, to the debit of the Personal A/cs., and the total of bills given to the credit of Bills Payable A/c.

Examples:—John Smith receives the following acceptances, and enters same in his Bills Receivable Book:—

Oct. 1.	M. Kelly, @ 3 m/d.	-	-	-	£100
Oct. 15.	G. Brown, @ 4 m/d.	-	-	-	250
Oct. 31.	R. Neil, @ 3 m/d.	-	-	-	75

B. R. A/c. Dr. - £425

His ledger a/cs. would be posted as under:—

<i>Dr.</i>	<i>Ledger.</i>	<i>Cr.</i>
	M. Kelly	
	Oct. 1. By Bill	- £100
	G. Brown	
	Oct. 15. By Bill	- £250
	R. Neil.	
	Oct. 31. By Bill	- £75
	Bills Receivable A/c.	
Oct. 31. To Sundries	- £425	

On the other hand, when Smith gives an acceptance, he undertakes to pay it when due, and he therefore records same in his Bills Payable Book.

Examples:—Smith “accepts” the following drafts:—

Oct. 2.	A. Firth, @ 3 m/d.	-	-	-	£200
Oct. 16.	G. Roberts, @ 4 m/d.	-	-	-	150
Oct. 31.	R. Watt, @ 3 m/d.	-	-	-	50

B. P. A/c. Cr. - £400

<i>Dr.</i>		<i>Ledger.</i>		<i>Cr.</i>
A. Firth.				
Oct. 2.	To Bill	-	£200	
G. Roberts.				
Oct. 16.	To Bill	-	£150	
R. Watt.				
Oct. 31.	To Bill	-	£50	

Oct. 31.	By Sundries	-	£400
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A balance in B. Receivable A/c. (being on the Dr. side) represents an asset. A balance in B. Payable A/c. (being on the Cr. side) is a liability, and these, of course, appear in the a/cs. when making up the Balance Sheet.

Take a simple case:—

John White is a merchant in London, and C. Worth and B. Fernand are merchants in Paris.

We shall suppose that White owes Worth £500, and Fernand owes White a like amount.

It might be expected that White to settle his a/c. would send gold to Worth in Paris, and that Fernand would send gold to London in discharge of his debt to White.

The risk and expense, however, of sending bullion both ways may be avoided, and the transactions settled, if White "draws" a bill on Fernand after this manner:—

A Foreign Bill.

£500.

LONDON,.....19...

Sixty days after sight pay this First of Exchange (Second and Third of same tenor and date unpaid) to the order of C. Worth the sum of five hundred pounds, value received.

JOHN WHITE.

To B. Fernand,
Paris.

BILLS.

White sends the draft to Worth, who will present it for acceptance to Fernand, and, in due course, Worth will receive the proceeds. Thus the mutual debts are discharged without a penny in actual money passing between either place.

It should be noted that the period or currency of a "sight" bill dates from the day it is accepted, and not from the date on which it is drawn.

Foreign bills are usually drawn in sets of two or three, all identical in form (making one bill), except that the words, "First," "Second," and "Third," are interchanged. It is usual to send each by different mails in case of miscarriage by post. When the first is accepted, the others are simply cancelled.

In the above bill White is the drawer, Fernand is drawee, and the payee is Worth.

Exercises.

[73]	
19—.	
Sept. 1. Geo. Wills began business with cash - - -	£600
„ 2. Paid into bank - - -	500
„ 7. Bot. goods of T. Firth - -	305
„ 8. Cash purchases - - -	54
„ 10. Gave T. Firth my acceptance @ 3 mos. - -	305
„ 17. Sold goods to G. Ball - -	160
„ 18. Recd. cheque from do. - -	155
„ 18. Discount given do. - -	5
„ 19. Bot. goods of T. Firth - -	10
„ 21. Paid cheque, wages - -	15
„ 23. Sold R. Philip goods - -	170
„ 28. Recd. his Pro. Note @ 3 mos. - - -	100
„ 30. Paid expenses, cash - -	20
„ 30. Stock in hand - - -	60

79	
19—.	
Sept. 1. G. Melson has Capital in bank - - -	£500
„ 3. Bot. goods of G. Crow - -	254
„ 7. Accepted his 3 mos. draft - -	254
„ 8. Bot. goods, cheque - -	46
„ 12. Sold C. Levie goods - -	140
„ 15. Drew cheque private use - -	10
„ 16. Paid rent, cheque - -	25
„ 16. Sold C. Levie goods - -	15
„ 21. Sent a 4 mos. draft to C. Levie and he accepts - -	140
„ 22. Cash sales, banked - -	65
„ 28. Sold goods to C. Lord - -	106
„ 29. He returned goods - -	12
„ 30. He gives Pro. Note @ 2 mos. - - -	54
„ 30. Stock in hand - - -	90

There are different ways of expressing bill transactions. Note the following transactions of Geo. Wills:—

E. Davis has accepted my draft @ 3 m/d. - -	£90
Received from R. Steel his Pro. Note @ 3 m/d. - -	£150
Drew bill on W. Bean @ 2 mos., and he accepts - -	£210
H. Ward has given me his acceptance @ 4 m/d. - -	£100

These four items, it will be observed, are all Bills coming in to Geo. Wills, and, in his books, he would debit Bills Receivable and credit the Personal A/cs.

BILLS.

Note also the following:—

I have accepted H. Parker's draft on me @ 3 m/d.	-	£75
Gave P. Mackie my acceptance @ 2 m/d.	-	£250
Handed my Pro. Note to J. Day @ 3 m/d.	-	£125
R. Robb has drawn on me @ 4 m/d., and I accept	-	£90

The last four transactions, stated differently, are all acceptances by Geo. Wills, Bills going out, and he must therefore debit the persons receiving the acceptances, and credit Bills Payable A/c. in his ledger.

Exercises.

80

Record the following transactions of Wm. Holmes & Co., viz.:—
Bills Receivable:—

Heron & Co., £145. Three months' bill, dated 1st October, 1908.

Neal & Son, £260. Two months' bill, dated 15th September, 1908.

Bills Payable:—

G. Ralph, £110. Two months' bill, dated 24th September, 1908.

V. Shepherd, £175. Three months' bill, dated 5th October, 1908.

- Nov. 2. Sold S. Clyde goods, £150, and received his acceptance @ 2 mos., £150.
- „ 7. Discounted Heron's Bill at bank for £143 10s. Discount charged, £1 10s.
- „ 12. Bot. goods from G. Sim, £100, and gave him Pro. Note @ 2 mos., £100.
- „ 16. Paid Neal & Son's Bill to the bank for collection.
- „ 18. Gave W. Buchan loan £50, in exchange for his acceptance @ 1 month.
- „ 18. Bill, Neal & Son, due to-day paid at bank.
- „ 20. Sold Heron & Son goods, £360. Received cheque £200, and drew for the balance @ 2 mos.
- „ 26. Instructed bank to retire Ralph's Bill, £110, due 27th inst.
- „ 28. Paid under rebate of £1, Acceptance £175, to Shepherd, dated 5th October.

BILLS.

Note.—When a bill is discounted at the bank the net amount received is entered in the cash book, Dr. side, and the discount charged is entered in the discount column. Both amounts are credited to Bills Receivable A/c. in the ledger.

When a bill is paid before it is due (see item Nov. 28) an allowance, called rebate interest, is made. In this case the sum paid is £174. The discount received, £1, is entered in the discount column of cash book, Cr. side, and both amounts are posted to the debit of Bills Payable A/c. in the ledger.

When discount rates are high a trader with plenty of money may find it advantageous to keep his bills in his safe until due, and then present them for payment.

If Bills Receivable are held over and not discounted at the bank it is usual to pay them into the bank, a few days before maturity, to be collected, and when the banker receives payment he credits his customer's a/c. In such a case the trader debits the Bank and credits Bills Receivable A/c. (see items 16th and 18th November).

If we wish our banker to pay our acceptances (see item November 26), it is usual to send an **Advice Slip** to the bank, on receipt of which the banker will honour the bill and debit our a/c., provided, of course, that he has funds in hand to cover the amount.

Advice Slip.

Acceptor.	Drawer.	Date.	Term.	Due.	Amount.
Wm. Holmes & Co.	G. Ralph.	24 Sept. '08.	2 m/d.	27 Nov. '08.	£110 0 0

To the Union Bank, Ltd., Liverpool.

Please retire at Lloyd's Bank, Ltd., London, the above acceptance, and charge to our a/c.

WM. HOLMES & CO.

26th November, 1908.

The entry for the above would be made in the cash book, Cr. side, debiting Bills Payable and crediting Bank.

Exercise.

81.

On 30 June, 19—, the following were the Ledger Balances of H. Leask, Wine Merchant :—

Stock of Wines	-	-	£1070	Debts due to			
Cash in bank	-	-	470	Clarke & Co.	-	-	£224
Cash on hand	-	-	15	Barr Bros.	-	-	176
Debts due by							
R. Dick	-	-	185	Bills payable			
G. Mack	-	-	20	Orr & Co.	-	-	100

Enter the following transactions and prepare final A/cs. and Balance Sheet :—

July 3.	Sold to B. Nelson, wines	-	-	-	-	-	£450
„ 10.	Received from R. Dick, cheque £180; discount allowed, £5	-	-	-	-	-	185
„ 17.	Accepted Clarke & Co.'s bill at 3 mos. for	-	-	-	-	-	150
	and paid them cheque, £70; discount received, £4	-	-	-	-	-	74
„ 19.	Bought of Orr & Co., claret and port	-	-	-	-	-	80
„ 25.	Orr's Acceptance due, paid by cheque	-	-	-	-	-	100
„ 25.	Drew cheque for office cash	-	-	-	-	-	10
„ 31.	Sold to R. Dick, wines	-	-	-	-	-	270
„ 31.	Paid in cash, wages, £14 10s.; charges, £2 10s.	-	-	-	-	-	17
Aug. 4.	Sold to A. Gray, wines	-	-	-	-	-	55
„ 8.	Bought of Barr Bros., 10 pipes of port	-	-	-	-	-	580
„ 14.	Sold to G. Mack, wines for cash	-	-	-	-	-	40
„ 15.	Paid in cash traveller's commission and exps.	-	-	-	-	-	25
„ 18.	Claimed on Barr Bros. for leakage, and was allowed	-	-	-	-	-	10
„ 26.	Paid Barr Bros., cheque £450; discount allowed, £10	-	-	-	-	-	460
„ 31.	Paid cash, wages, £9; carriage, £10	-	-	-	-	-	19
„ 31.	Received from B. Nelson his Acceptance at 3 mos. for	-	-	-	-	-	120
„ 31.	Stock in hand	-	-	-	-	-	1345

Exercise.

82.

The following are the Balances of C. Hall on 30 June, 19—

Gray & Shaw - - -	£213	Plant and machinery -	£1000
Wilson & Sons - - -	114	Stock - - - -	353
W. Owen - - - -	78	Bank - - - -	390
Bills payable - - -	433	Cash - - - -	10
Capital - - - -	1592	W. Lowrie - - - -	340
		Bills receivable, No. 59 -	217
		Lade & Co. - - - -	120
	£2430		£2430

Enter the following transactions and prepare final A/cs. and Balance Sheet:—

July 3.	Bought from Gray & Shaw, Goods - - - -	£223
„ 3.	Sold to Lade & Co., Goods - - - -	158
„ 3.	Paid Trade Expenses, Cash - - - -	3
„ 3.	Sold to Well & Sons, Goods - - - -	240
„ 3.	Bill Rec., No. 59, honoured at Bank - - - -	217
„ 6.	Drew Cheque for Office Cash - - - -	250
„ 6.	Paid Wages £120, Salaries £35, Cash - - - -	155
„ 6.	Bought from Wilson & Sons, Goods - - - -	470
„ 6.	Bought from W. Owen, Goods - - - -	500
„ 9.	Sold to W. Lowrie, Goods - - - -	620
„ 9.	And received his Acceptance at 3 mos. for - - - -	400
„ 9.	Also his Cheque for £250; (banked) Discount allowed £15 - - - -	265
„ 9.	Paid Wilson & Sons, Cheque £300; Discount £10 - - - -	310
„ 9.	Received from Well & Sons, Cheque £170; Discount £4 (banked) - - - -	174
„ 13.	Paid Bill Payable, due, Cheque - - - -	252
„ 13.	Sold to Green Bros., Goods - - - -	250
„ 13.	Granted Acceptance to W. Owen - - - -	350
„ 13.	Received from Lade & Co., Cheque £270; Discount £8 (banked) - - - -	278
„ 30.	Drew a Cheque for Wages - - - -	192
„ 30.	Stock on hand - - - -	772

Exercise.

83.

On 1 Dec., 19—, N. Ralston had the following balances in his books :—
 Machinery, £1500 ; Stock, £800 10/8 ; C. Reid, debtor, £168 7/4 ;
 D. Smith, debtor, £50 10/6 ; Bill Receivable, due 16 Dec., £300. He
 owed H. Barr £128 7/6, and Bill Payable, due 20 Dec., £558.

Transactions.

Dec. 3.	Capital introduced and paid into Bank	-	-	£500	0	0
„ 4.	Drawn from Bank for Office Cash	-	-	10	0	0
„ 4.	Bought Goods from H. Barr	-	-	250	10	8
„ 4.	Received from C. Reid, cheque £165 (banked); discount £3 7/4	-	-	168	7	4
„ 5.	Paid Cash for Stationery	-	-	1	10	0
„ 6.	Sold Goods to D. Smith	-	-	345	0	0
„ 7.	Received from D. Smith his Acceptance at 2 mos. for	-	-	200	0	0
„ 9.	Paid H. Barr cheque on account	-	-	150	0	0
„ 10.	Sold for Cash, Goods	-	-	75	3	4
„ 13.	Bought from Dunn Bros., Goods	-	-	500	0	0
„ 14.	Paid Cash for Coal	-	-	13	6	8
„ 14.	Sold Goods to C. Reid	-	-	650	12	10
„ 16.	Bill Receivable due to-day paid at Bank	-	-	300	0	0
„ 16.	Paid Wages in Cash	-	-	44	0	0
„ 18.	Granted Acceptance in favour of H. Barr for	-	-	220	0	0
„ 18.	Bought Goods and paid Cheque	-	-	95	0	0
„ 20.	C. Reid gave Bill at 1 month	-	-	450	12	10
„ 20.	And his Cheque (Banked) for	-	-	200	0	0
„ 20.	Paid Bill Payable due to-day	-	-	558	0	0
„ 23.	Discounted at Bank D. Smith's Acceptance and was charged £1 8/6 discount	-	-	200	0	0
„ 26.	Sold to C. Reid, Goods	-	-	765	10	8
„ 27.	Bought Goods from Dunn Bros.	-	-	255	8	10
„ 27.	Paid them Cheque on account	-	-	450	0	0
„ 30.	Cheque drawn, for Wages, £50 ; and for Self, £20.					

Note.—The rent for Dec. (£30) is due but not paid, Stock on hand valued at £350.

Prepare Profit and Loss A/c. and Balance Sheet.

Exercise.

84.

On the 1 Feb., 19—, H. Wood commenced business with the following assets:—Cash in hand, £50 1/6; Cash at Bank, £864 7/6; Stock-in-trade, £560. W. Jones owes him £162 1/3; J. Slater owes him £124 2/6. His liabilities are:—J. Jackson, £400 2/9; A. Wilson, £103 15/; Webster & Co., £156 15/.

Transactions for February as follows:—

Feb. 1.	Sold Goods to W. Jones - - - - -	£80 10/
„ 2.	Gave Bill to A. Wilson at 3 months in settlement of his a/c. - - - - -	101
„ 3.	Paid J. Jackson on account by cheque - - - - -	100
„ 4.	Drew from Bank for Petty Cash - - - - -	10
„ 5.	Cash Sales - - - - -	125
„ 6.	Paid into Bank - - - - -	150
„ 9.	Bought of Webster & Co., Goods - - - - -	250
„ 11.	Received from W. Jones, Bill at 4 months, in settlement of his a/c. - - - - -	236
„ 12.	Bought Office Furniture and Fittings by Cheque - - - - -	50
„ 13.	H. Wood withdraws from Bank, for private purposes - - - - -	180
„ 13.	Paid out of Petty Cash, Stamps and Sundry Exps. - - - - -	3
„ 15.	Sold Goods to J. Slater - - - - -	200
„ 17.	J. Slater returns Goods, being inferior to sample - - - - -	20
„ 19.	Paid Webster & Co. by Cheque £300, and received discount £7 10/ - - - - -	307 10/
„ 23.	Paid J. Jackson on a/c., by cheque, £100, and received discount £5 - - - - -	105
„ 28.	Received Rent from Sub-tenant - - - - -	6
„ 28.	Drew cheque for Wages - - - - - and paid £57.	60
„ 28.	Rent due to landlord - - - - -	36
„ 28.	Credit Capital with Interest - - - - -	6 10/
„ 28.	Depreciate Office Furniture - - - - -	4

Prepare Profit and Loss A/c. and Balance Sheet. On 28 Feb. Stock amounted to £484 10/.

APPENDIX.

Society of Arts, Grade I., 1901.

Exercise No. 1.

1.—Explain the phrase, “Bringing down a balance.”

2.—Define the term, “Voucher.” When must a voucher be stamped; and with what value of stamp?

3.—Sketch a form of postage book; enter in it an amount of cash received by the Postage Clerk from the Cashier; and make six entries of letters and parcels despatched.

4.—State some headings under which you would analyse your Petty Cash payments for a month. What would be done with the analysis when made? What ought the total of the analysis to agree with?

5.—What is the difference between a cheque made payable to “Bearer” and one made payable to “Order”? What is the effect of crossing a cheque?

On January 1st, 1901, the Midland Railway Company were creditors of Messrs Smith & Lloyd for £15; Poor Rate Authorities for £4 10/; and James Robinson for £60; while John Jones was a debtor for £40, and Abel Lewis for £60. On the same date William Smith's Capital Account was in credit £1000, and Tom Lloyd's £15 10, in each case the share of profit for 1900 having been previously credited. Open Ledger Accounts and post the following cash transactions. Balance these accounts as on January 31st, 1901, and bring down the balances.

Jan.	1	To John Jones for goods supplied -	£30	2	6	
"	2	By Midland Railway Co. (carriage) -				£10 17 6
"	5	To William Smith (Capital Account)	200	0	0	
"	10	By Poor Rate (Kensington Borough)				4 10 0
"	15	By Tom Lloyd (Drawing Account) -				10 0 0
"	20	By ditto (share of profit for 1900) -				250 12 6
"	25	To Abel Lewis for goods supplied -	45	5	0	
"	31	By James Robinson for goods purchased				50 7 6

Society of Arts, Grade I., 1902.

Exercise No. II.

1.—What do I mean when I tell Jones that he “may draw on me at 3 months?”

2.—Give the ruling of a Petty Cash Book, and enter an amount of £5 received by the Cashier on January 1, 1902, and the details of five payments made by him during the rest of the week ended January 7, 1902.

3.—Explain the abbreviations—"E.O.E.," "F.O.B.," and "Per Pro."

4.—On March 15, 1902, John Jones sent William Smith a cheque for £50, drawn on the New World Bank, Ltd. Draw this cheque so as to afford the best security should it be lost or stolen.

5.—Give your reason why you would prefer a £5 Bank Note to a £5 cheque, and why £5 in gold to either.

The following items appear in W. Robinson's Books, in the month of January, 1900. Post up the Ledger, opening new accounts where necessary, and bring down the balances of Ledger and Cash Book as on January 31, 1902.

LEDGER BALANCES, Jan. 1, 1902.

	<i>Dr.</i>	<i>Cr.</i>
W. Robinson - - - - -		£2,000
Stock in Trade - - - - -	£569	
Owen Williams - - - - -		323
Tom Turnbull - - - - -	254	
Safe Bank Co., Limited - - - - -	1,039	
Furniture and Fittings - - - - -	650	
Cash - - - - -	15	
Morgan, Lewis & Co. - - - - -		204
	<u>£2,527</u>	<u>£2,527</u>

CASH BOOK (as kept by Robinson).

<i>Dr.</i>							<i>Cr.</i>
	Dis.	Bank.					
1902.				1902.			
Jan. 1 To Balance		£1,039	£1,054	Jan. 15 By Owen Williams	£3	£320	£320
" 20 " T. Turnbull	£4	250	250	" 27 " Bankers		50	
" 30 " W. Smith (loan)		300	300	" 30 " Morgan, Lewis & Co.	4	200	200
				" 31 " Robinson's (drawings)			25
				" Wages			30
				" Warehouse expenses			5

PURCHASES BOOK.

1902.						
Jan. 4	Owen Williams—					
	350 Bales at 31s. 6d.	-	£551	5	0	£551 5 0

SALES BOOK.

Jan. 5	Tom Turnbull—					
	220 Bales at 38s.	- - -	£418	0	0	£418 0 0
" 9	R. Butcher—					
	130 Bales at 37s. 6d.	-	£243	15	0	£243 15 0

Society of Arts, Grade I., 1903.

Exercise No. III.

1. Explain the terms "Bank Draft," "Bill of Exchange," "Bad Debt," "Bankrupt."

2. What is a "Bank Pass-book"? Submit a few imaginary entries to explain how such books are kept.

3. Explain the meaning of the following phrases at the head of a trader's invoice:—

"5 per cent. discount for prompt."

"2½ per cent. discount in a month."

4. Write up the following items in Petty Cash Book, and bring down the balance as on January 6, 1903.

Jan. 1. Received from head cashier, £5.

,, 2. Purchased postage stamps, 30s.

,, 3. Paid 'bus fares, 3d.

,, 4. Received cash for sale of waste paper, 4s. 10d.

,, 6. Bought string, 1s., and brown paper, 1s. 8d.

5. What is a "post-dated cheque"? Of what use is it?

William Smith began the year with the following balances in his Ledger:—

	<i>Dr.</i>			<i>Cr.</i>		
	£	s.	d.	£	s.	d.
Wm. Smith, Capital A/c.	-	-		1000	0	0
Cash	100	0	0			
Town Bank, Ltd.	385	0	0			
Stock-in-trade	520	0	0			
James Ball				125	0	0
John Green	120	0	0			
	1125	0	0	1125	0	0

He made the following purchases and sales during the first week in January, 1902:—

Purchased from James Ball	goods	-	-	110	0	0
,, William Paul	,,	-	-	48	0	0
,, Edward Parker	,,	-	-	15	14	11
,, John Robinson	,,	-	-	21	5	6
Sold to John Green	,,	-	-	58	5	6
Returned to William Paul	,,	-	-	8	7	6
Sold to Edward Parker	,,	-	-	21	8	9
,, William Peek	,,	-	-	121	0	0
,, John Robinson	,,	-	-	2	7	5
Returned by William Peek	,,	-	-	6	10	6

Post the above items, opening, where necessary, new a/cs. Balance and rule off these ledger a/cs., and bring down the balances.

Society of Arts, Grade I., 1904.

Exercise No. IV.

1.—Explain the terms:—"Dividend," "Discount," "Double-entry," "Distraint," "Drawings."

2.—What is an Invoice? What would you do with Invoices received by a merchant? How would you record their particulars in his books? Give an example.

3.—Sketch a form of Cash Book, which you would recommend to be used by a merchant, who has a Banking Account; and from whose purchases and sales cash discounts are allowed upon settlement. Enter six debit and six credit transactions.

4.—A tea dealer sells Tea, Coffee, and Sugar to sundry persons on credit. How would you record these sales in his books? Give an example.

5.—What is the essential difference between a Cheque and a Bill of Exchange; and upon what principle are stamp duties levied upon each?

On January 1st, 1904, John Jones had £500 as his Capital in his business, while James Green was his debtor for £350, and he owed William Paul £400. He had £450 at his Bankers, and £100 in his safe.

Open the necessary Ledger Accounts and post direct to the Ledger the following transactions:—

Jan.	1	Sold goods to William Paul	-	-	-	£350
"	4	Purchased goods from J. Robinson	-	-	-	150
"	7	Do. do. Wm. White	-	-	-	220
"	10	Do. do. P. Frean	-	-	-	140
"	15	Sold goods to Charles Carter	-	-	-	340
"	20	Do. J. Farlow	-	-	-	140
"	25	Purchased goods from William Paul	-	-	-	480
"	31	Returned goods to J. Robinson	-	-	-	50

Society of Arts, Grade I., 1905.

Exercise No. V.

Explain the terms:—"Free on rails," "Bearer cheque," "Bill of Sale," "Book Debt," "Voucher."

Sketch a form of Petty Cash Book which you would recommend; enter therein the following items and balance it as on December 6, 1904.

Dec.	1	Balance in hand	-	-	-	£4 13 2
"	2	Paid office Housekeeper	-	-	-	0 15 2
"	3	Purchased stamps	-	-	-	3 15 6
"	4	Received from cashier	-	-	-	10 0 0
"	5	Received from sale of old desk	-	-	-	0 10 6
"	6	Paid fares, 6d., sundries, 8d., gum, 6d., telegram, 8d.	-	-	-	0 2 4

George Jones buys cotton, value £80, from Robert Brown, and in order to secure a special discount of 5 per cent. pays prompt cash. Make the entries in George Jones' cash book necessary to record this transaction.

What is a Bill of Exchange? Explain the use of a Bills Payable Book.

John Jones desires to remit £100 to his son, who is at Singapore. What would you suggest as the best method of effecting this? Give your reasons.

Exercise No. V.—Continued

George Smith, having purchased from William Watson, wine merchant, the assets, including the goodwill of his business, for which he gave £3000 for stocks of wines and spirits, £500 for utensils, bottles, and appliances, and £1000 for goodwill, commenced business on December 1, 1904. He opened an account at the Secure Bank Ltd., and paid in £2000, representing his working capital.

Open the necessary Ledger Accounts to record the above, and post the following transactions direct to the ledger. Balance the accounts as on December 9, 1904, and bring down the balances.

- Dec. 2. Bought from R. French, 3 pipes of port, at £85 per pipe.
 „ 3. Bought from C. Clare, 50 dozen of sherry, at 90s. per dozen.
 „ 5. Bought from R. Frost, a bottle-washing machine for £18 10s.
 „ 6. Sold to the Grand Hotel Company, Ltd., 10 dozen of sherry, at 108s. per dozen.
 „ 7. Bought from G. Keen, 10 dozen of champagne, at 100s. per dozen.
 „ 8. Sold to R. White, one pipe of port for £95,
 „ 9. Sold to R. Frost, 2 dozen of champagne, at 110s. per dozen.

Society of Arts, Grade I., 1906.

Exercise No. VI.

1. Briefly explain the following terms and abbreviations:—“Credit Note,” “Asset,” “Personal Ledger,” “Contra Account,” “E. and O.E.,” “N.B.”

2. What is the use of a Stock Book? What is meant by “taking stock”? On what principle ought articles in stock to be priced?

3. What is the difference between a “Private Ledger” and a “General Ledger”? Into what is the General Ledger, for convenience, generally divided? Give the headings of two accounts which would appear in each ledger respectively.

4. What is a “Columnar Petty Cash Book”? Give a ruling of such a book, and make one debit and four credit entries therein.

5. Write up William Brown's Capital A/c. from the following items:—July 1, 1905, Balance of Capital at this date, £800; September 30, Paid in, £400; November 30, Withdrew, £720; December 31, Interest on Capital at 5 per cent. per annum; December 31, Net loss for the half-year, £200. Bring down the balance.

On December 1, 1905, H. Lloyd commenced business with a capital of £500 in cash. On this date he paid the following sums:—Shop fittings, £50; purchase of goods, £200; one quarter's rent in advance, £20.

Open the necessary ledger a/cs. to record the above; post the

Exercise No. VI.—Continued.

following transactions direct to the ledger; balance the a/cs. as on December 31, 1905, and bring down the balances:—

Dec. 2.	Sold goods to W. Hunt	-	-	-	£140	0	0
„ 4.	Purchased goods from R. Johnson	-	-	-	20	0	0
„ 11.	Purchased goods from H. Hall	-	-	-	150	0	0
„ 16.	Sold goods to E. Jones for cash	-	-	-	20	0	0
„ 20.	Sold goods to W. Silver	-	-	-	50	0	0
„ 21.	Received from W. Hunt cash on a/c.	-	-	-	10	0	0
„ 22.	Paid R. Johnson's account, less 5 per cent. discount.						

Society of Arts, Stage I., 1907.**Exercise No. VII.**

1. What is the difference between an “Invoice” and a “Statement”?

2. What do you understand by the signs “Dr.” and “Cr.”?

3. What is the object of “closing a ledger,” and how is it effected?

4. Explain the “Imprest” system of keeping Petty Cash. Give an example.

5. Write up an account with your bankers, recording the following transactions:—Jan. 1, 1907.—Balance to your credit at the Bank, £3387 5s. 6d.; Jan. 3.—Paid W. Smith, £600; Jan. 5.—Paid in, £218 5s. 7d.; Jan. 12.—Paid J. Brown on a/c., £1000; Jan. 19.—Paid H. Wilson, £671 3s. 2d.; Paid J. Brown on a/c., £1000; Jan. 26.—Paid in, £1461 2s. 1d.; Paid J. Brown (balance), £781 2s. 3d.; Jan. 28.—Paid H. Shepherd, £81 2s. 8d.; Jan. 31.—Paid in, £8 10s. 3d. Balance the a/c., and bring down the balance.

J. Cripps commenced business as a coal merchant on Oct. 1, 1906, with the following assets:—Cash, £200; Plant and Fixtures, £60; and Horse and Cart, £30. He opened an a/c. with the Union Bank, into which he paid his initial capital and all cash received. During October the following transactions took place:—Oct. 3.—Purchased Coal from the X.Y. Colliery Co., Ltd., £160; 8th.—Sold Coal to T. Philipps, £20; 12th.—Sold Coal to J. Hall, £110; 15th.—Purchased Coal from the X.Y. Colliery Co., Ltd., £360; 16th.—Received Cash from T. Philipps, £20; 17th.—Received Cash from J. Hall on a/c., £80; 24th.—Paid Cheque to the X.Y. Colliery Co., Ltd., £200. Open the necessary Ledger A/cs., and post, direct, the above facts and transactions. Balance these a/cs. as on Oct. 31, 1906, and bring down the balances.

Society of Arts, Stage I, 1908.

Exercise No. VIII.

1. What is a voucher? Briefly describe the system upon which you would arrange vouchers in a business.

2. What entries are necessary in my books to record the fact that A. has become my creditor for goods supplied by him to me.

3. In the following a/c.:—

JOHN JONES in a/c. with WILLIAM SMITH.

1908.

Feb. 22. To Welsh Coal supplied by J. Jones'
order to S. M'Neil, at Glasgow - £256 5 10

Who owes the £256 5s. 10d., and to whom is it owing?

4. Write up a Cash Book recording the following transactions:—

1908.		£	s.	d.
Jan. 1.	Balance in hand this day - - -	217	10	1
„ 3.	Paid into Bank - - - - -	100	0	0
„ 4.	Received from Tom Smith - - -	69	10	0
	Allowed discount to him - - -	0	10	9
„ 7.	Received from E. Owen and paid into Bank - - - - -	116	1	9
„ 10.	Paid one quarter's rent - - -	30	0	0
	Paid G. Nash by cheque on Bankers -	151	12	10
	Discount allowed thereon - - -	4	7	2

Balance the a/c., and bring down the balance.

5. On which side of the following a/cs. should the balance, if any, always be, and why?

Bills Payable, Bills Receivable, Cash.

6. On Dec. 1st, 1907, Charles Dickson commenced business with the following assets:—Cash at Bank, £500; Cash in hand, £100; and Fixtures, £150. The following transactions took place during Dec.:—

Dec. 2nd.—Purchased goods of T. Bell, value £100; Dec. 3rd.—Purchased goods of Black & Co., value £80, for cash, and paid him for same; Dec. 9th.—Sold to W. Brown goods, value £50; Dec. 16th.—Paid T. Bell's a/c. by cheque, less 5 per cent. discount; Dec. 18th.—Sold goods to R. Walters, value £10; Dec. 31st.—Received of W. Brown cash in settlement of his a/c., less 2½ per cent. discount. Open the necessary Ledger A/cs., and post, direct, the above facts and transactions. Balance these a/cs. as on December 31st, 1907, and bring down the balances.

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE.

Elementary, April, 1904.

Exercise No. IX.

1.—Write up the following transactions of A. Merryman, Cloth Merchant, in Day Books, Cash Book, and Ledger. Prepare Trial Balance 30th Jan., 1904:—

- 1904.
- Jan. 1 A. M. commenced with cash in hand, £115 12s. 8d.
 " 2 Opened A/c. with Lloyds' Bank and paid in £100.
 " 2 Paid Stamps, 5s. 0d.
 " 2 Bought Goods from Bailey & Co., £64 13s. 9d.
 " 4 " Warehouse Fixtures for Cheque, £15 0s. 0d.
 " 8 Sold Goods to H. Arundel, £13 10s. 0d.
 " 8 " Walker & Sons, £15 12s. 6d.
 " 8 " for Cash, £24 17s. 5d., and paid Bank, £25.
 " 8 Paid Travelling Exps., £1 14s. 3d., and Wages, £4 10s. 0d.
 " 10 Paid Fire Insurance, 10s. 0d.
 " 14 H. Arundel pays on A/c., £8.
 " 14 Sold Goods to A. Hainsworth, £25 17s. 8d.
 " 15 " for Cash, £28 19s. 1d., and paid Bank, £30 0s. 0d.
 " 15 Paid Wages, £4 10s. 0d.
 " 17 Bought Goods of West Riding Co., £80 10s. 8d.
 " 19 " B. Shaw & Co., £42, and paid them Cheque £20, on a/c. Discount, £1.
 " 20 Received Cash from A. Hainsworth, £25 10s. 0d. Dis. 7s. 8d.
 " 21 Paid West Riding Co. by Cheque, £60.
 " 22 Paid Wages, £4 10s. 0d.; Travelling Exps., £2 17s. 6d., and Stationery £2 3s. 4d.
 " 22 Sold Goods for Cash, £32 16s. 7d., and paid Bank, £40.
 " 24 " to Walker & Sons, £4 3s. 9d.
 " 26 Bought Goods of West Riding Co., £40 15s. 4d.
 " 27 Paid Bailey & Co., £61 10s. 0d. by Cheque; Discount, £3 3s. 9d.
 " 28 Received of H. Arundel on A/c. £3 10s. 0d.
 " 29 Sold Goods for Cash, £33 10s. 4d; paid Bank, £30.
 " 29 Paid Wages, £4 15s. 0d.
 " 30 H. Arundel pays Balance of his A/c., less 5s. Discount.
 " 30 Paid Cheque 1 month's Rent Warehouse at £50 per annum.

2.—Describe fully three methods of dealing with Credit Purchases.

3.—A Merchant buys Produce at £5 per ton, less 10% Discount. The waste of Stock before selling is 5%. At what price per cwt. must he sell the Goods in order to shew a profit of 20% on sale price?

4.—Enter in Journal the following transactions of a Quarry Owner:—

- Jan. 1 Bought Stone-breaking Machine from Smith Bros., £150.
 " 5 Sold 2 old Waggons for Cash, £15.
 " 8 Gave Granite Slabs in exchange for Horse and Cart value £30.
 " 11 Received from Wardman & Co. a Portable Engine worth £42 in settlement of a debt due from them.
 " 13 Gave Smith Bros. Cash £30, Steam Boilers worth £50, and Stone value £70, in payment of amount owing.

5.—Describe what is meant by Stock-taking: how often should this be done, and what is the object of it?

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE, **May, 1905.**

Exercise No. X.

FIRST STAGE.

1.—Enter the following transactions of Arthur Earby in Cash Book (using columns for Discount, Office, and Bank) and shew balance at 31st January, 1905:—

Dec. 31	Amount in Bank, £148 6s. 9d.; and in hand, £5 16s. 8d.
Jan. 2	Paid to Petty Cashier, £4.
" 3	Received from Hall & Co., £4 15s. 0d.; discount, 5s.
" 7	Cash Sales, £46 18s. 9d.
" 7	Paid Wages, £4 3s. 6d.
" 7	Paid into Bank, £35.
" 9	Paid Sharp Bros., by cheque, £36; discount, £4.
" 9	Paid Fire Insurance, by cheque, £3 15s.
" 11	Received from Wilson & Son and paid to Bank, £24 7s. 6d.; discount, 12s. 6d.
" 14	Paid Wages, £3 18s. 6d.
" 14	Cash Sales, £42 3s. 2d.
" 14	Paid into Bank, £50.
" 17	Received from R. Jacobs & Co., £2 17s.; discount, 3s.
" 18	Paid Carter & Son, by cheque, £117 10s.; discount, £3 5s. 6d.
" 21	Cash Sales, £45 9s. 1d.
" 21	Paid Wages, £4 6s.
" 21	Paid into Bank, £38.
" 23	Paid Draper Bros., £8 15s.; discount, 5s.
" 23	Drew from Bank for office, £10.
" 24	Received from Benj. Bates and paid to Bank, £33 5s.; discount, £1 15s.
" 28	Paid Wages, £4 8s. 6d.
" 28	A. Earby withdraws, by cheque, for private expenses, £5.
" 30	Paid into Bank, £34.
" 30	Received from Mason & Co., £31 15s. 6d.

2.—Two Customers, Thos. Archer and Wm. Booth, have dealings with Dawson & Co. on the following terms:—

Goods paid for within 1 calendar month, $3\frac{3}{4}$ % discount.

" " 3 " months, $2\frac{1}{2}$ % "

After 3 months, no discount.

Prepare the account as in Dawson & Co.'s Ledger:—

1904.

Nov. 11	Thos. Archer buys goods	-	-	-	-	£22 15 0
" 16	" returns goods	-	-	-	-	2 15 0
" 25	" buys goods	-	-	-	-	18 19 5
Dec. 1	" pays cash	-	-	-	-	19 5 0

Exercise No. X.—*Continued.*

1904.

Dec. 3.	Thos. Archer buys goods	-	-	-	£26 13 11
„ 9.	„ pays cash	-	-	-	12 0 0
„ 15.	„ „	-	-	-	31 19 1
„ 23.	Wm. Booth buys goods	-	-	-	40 0 0
„ 29.	Thos. Archer „	-	-	-	45 10 0

1905.

Jan. 16.	Wm. Booth returns goods	-	-	-	£5 0 0
„ 18.	Thos. Archer buys goods	-	-	-	12 4 8
Feb. 15.	„ „	-	-	-	19 5 4
„ 16.	Wm. Booth „	-	-	-	20 0 0
„ 27.	Thos. Archer pays cash	-	-	-	44 7 3
Mar. 14.	„ buys goods	-	-	-	26 0 0
„ 31.	Both customers pay the amounts owing by them.				

3. A Sales Day Book contains the following:—

1905.

Jan. 3.	Jas. Fairfax & Sons, Hull.				
	20 yds. Black Cloth @ 5s. 3d.	-	£5	15	0
	3½ doz. Windsor Lace at 9s. doz.		1	11	6
	15 Silk Wrappers @ 3s. 6d.	-	3	12	6
	Box	-	0	1	6
					£13 0 6

After the book is added up to the end of January it is discovered that there are errors in these figures. How should they be corrected? How could such errors be guarded against?

4. Explain the meaning of:

A Credit Sale;

Posting;

Returned Cheque;

Balance Sheet;

Profit.

5. On which side in the Ledger would you expect to find a Balance of Capital A/c., Business Premises A/c., Wages A/c., Discount A/c.? Give your reasons.

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE, May, 1906.

Exercise No. XI.

FIRST STAGE.

1.—William Heath commences business on 1st Jan., 1906, with Cash £50. His transactions are :—

Jan.	1	Paid for goods bought this day, £15.
,,	2	Bought and paid for hand-cart, £2 10s.
,,	3	Bought goods of R. Valley & Co., £13 10s.
,,	4	,, , J. Dale & Co., £26 10s. 3d.
,,	5	Sold goods to J. W. Moore, £2 14s. 6d.
,,	6	Sundry Cash Sales, £8 4s. 2d.
,,	9	Bought goods of J. Dale & Co., £14 10s. 8d.
,,	9	Goods sold to T. Hill & Son, £3 10s.
,,	10	,, , J. W. Moore, £1 9s. 3d.
,,	11	Bought goods of J. W. Moore, £4.
,,	13	Sundry Cash Sales, £7 12s. 5d.
,,	16	Sold goods to Chas. Fenn, 18s. 6d.
,,	16	,, , J. W. Moore, £2 6s. 5d.
,,	17	Bought goods of J. Dale & Co., £12 6s 4d.
,,	20	Sundry Cash Sales, £9 5s. 4d.
,,	20	Paid R. Valley & Co. amount of their a/c., less $2\frac{1}{2}\%$ discount.
,,	20	Paid J. Dale & Co., £40 ; discount £1 0s. 11d.
,,	23	Sold goods to J. Dale & Co., £1 5s.
,,	24	,, , J. W. Moore, £1 4s. 10d.
,,	26	J. W. Moore pays balance of a/c., less discount 3s. 9d.
,,	27	Sundry Cash Sales, £8 9s. 1d.
,,	31	Paid Rent, £3 6s. 8d. ; Wages, £6 10s.
,,	31	W. Heath withdraws cash for private use, £3.

Enter up the Bought and Sold Day Books, Cash Book, and Ledger. Prepare Trial Balance 31 January, 1906.

2.—State (as fully as you can) the particulars which should appear in an entry in the Sales Day Book.

Explain how the Bank A/c. may be kept, without its appearing as a Ledger Account.

3.—A merchant has in stock at the end of his financial year 144 yards of cloth which cost him 3s. 4d. per yard, less 5% discount. The selling price is 4s. 2d. per yard, less $2\frac{1}{2}\%$ discount. 12 yards of the cloth have been damaged and can be sold for 1s. per yard. At what sum should he value this cloth in his stocktaking.

4.—A Trader (who has kept no proper accounts) wishes to commence a set of Books on 1 May, 1906. He has on that date Cash in Bank £100, Stock of Goods valued at £35, and Hy. Swift owes him £10. The Trader owes to Carter Bros. £5.

Exercise No. XI.—Continued.

State fully how he should proceed to open his books, and give the necessary entries.

5. On 31st March, 1906, James Robinson's books give the following:—

Trial Balance.

Jas. Robinson, Capital A/c.	-		£326	5	8
Bank	-	-	£153	5	8
Goods A/c. for Stock, 1st Apl., 1905			246	4	7
Hicks & Co.	-	-	56	9	2
Purchases	-	-	1757	5	9
Discount	-	-		24	5 4
Goodyear & Sons	-	-		82	9 11
Wages	-	-	322	1	8
Household Expenses (J. Robinson)			100	0	0
Forrest & Co.	-	-	3	5	4
Rent, Rates, etc.	-	-	56	9	7
Earnshaw & Barnes	-	-		2	7 8
General Expenses	-	-	24	5	8
Bairstow & Cox	-	-	103	3	2
D. Davidson	-	-		14	5 9
Travelling Expenses	-	-	26	4	3
Charlesworth & Co.	-	-		10	4 3
Legal Expenses	-	-	2	5	9
Advertising	-	-	32	6	9
Sales	-	-		2423	8 9
			£2883	7 4	£2883 7 4

Stock, 31st March, 1906, £264 7s. 4d.

Prepare Profit and Loss A/c. and Balance Sheet.

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE,
April, 1907.

Exercise No. XII.

FIRST STAGE.

1.—On 1st March, 1907, Robert Kelly commences business with £600 at credit of his a/c. at the County Bank: his transactions are :—

March	1	Bought goods from H. J. Jowett & Co., £158 10s. 6d.
"	2	Paid cash for advertisements, £5.
"	2	Drew cheque for Petty Cashier (to be accounted for), £10, and Office Cash, £40.
"	2	Received from Lidgett & Sons a Horse Cart and Harness worth £35 in exchange for Goods £20 and Cash £15.
"	4	Sold goods to J. & R. Campbell, £53 6s. 8d.
"	5	Drew cheque for Warehouse Furniture, £120.
"	5	Bought goods from Lidgett & Sons, £326 19s.
"	7	Paid cash for Travelling Expenses, £8 10s.
"	7	Received from J. & R. Campbell, cash, £52; allowed discount, £1 6s. 8d.
"	9	Paid Wages, £12 10s.
"	11	Bought goods from H. J. Jowett & Co., £36 14s. 9d.
"	12	Paid Lidgett & Sons by cheque £320, discount £6 19s.
"	12	Bought goods for cash, £85.
"	12	Drew out of Bank for office cash, £70.
"	13	Sold goods to J. & R. Campbell, £24 15s. 8d.
"	14	Paid cash for Telephone rental, £4 5s.
"	16	J. & R. Campbell pay amount owing by them, less £1 4s. 8d. discount.
"	16	Paid Wages, £16.
"	16	Two Weeks' Cash Sales, £203 16s. 5d.
"	18	Paid to Bank out of cash, £180.
"	19	" for Warehouse cleaning, £4 15s.
"	19	Sold goods to Lidgett & Sons, £16 14s. 9d.
"	20	Paid cheque to H. J. Jowett & Co. £185 10s., discount £9 15s. 3d.
"	22	Bought goods from H. J. Jowett & Co., £65 3s. 8d.
"	23	Paid Wages, £20.
"	27	Bought goods from H. J. Jowett & Co., £45 11s. 3d.
"	27	Sold goods to Lidgett & Sons, £19 13s. 3d.
"	30	Paid Wages, £20.
"	30	Cash Sales for two weeks, £298 6s. 5d.
"	30	Cheque drawn for Petty Cashier's payments for month, £8, viz., Goods £2 5s., Trade Exps. £5 15s.
"	30	Robert Kelly takes cash for private use, £50.
"	30	Paid to Bank out of cash, £250.

Enter up in the proper Books and prepare Trial Balance, 30 March, 1907.

Exercise No. XII.—Continued.

2. Describe fully the process of balancing the Cash Book and Bank A/c. When should this be done, and how often should the cash be counted?

3. A buys from B goods, £51 18s. 7d. on 3rd Jan., 1907. At the end of February A discovers that B has charged (in this item) for 10½ yards Cloth @ 3s. 8d. per yard, when the price should have been 3s. 2d. per yard; and on 14th Feb. A sends back to B one piece of Worsted, 72 yards, @ 4s. 8d. per yard, as being of the wrong shade. This is part of the goods bought on 3rd Jan. as above. Give the proper entries which A should make in his books relating to these transactions.

4. Explain the Ledger Index. State how it may be specially arranged for speedy reference when the ledger contains a very large number of a/cs.

5. What are Vouchers? Describe a good system of arranging them.

**COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE,
1908.**

Exercise No. XIII.**FIRST STAGE.**

1. Samuel Mason has cash £100 on 1st Jan., 1908. He buys the business of Argyle Bros. (see below), and opens an a/c. at the Bank by paying in £80. His transactions are:—

			£	s.	d.
Jan.	1.	Bought Stock from Argyle Bros. -	-	80	0 0
„	1.	„ „ Fixtures „ „ -	-	23	0 0
„	2.	Drew cheque Argyle Bros. on a/c. -	-	75	0 0
„	3.	Sold goods to Bartrum & Co. -	-	15	0 0
„	4.	Paid Wages - - - - -	-	3	6 0
„	4.	Cash takings 1st to 4th - - -	-	12	15 9
„	6.	Paid deposit to Gas Co. - - -	-	2	0 0
„	7.	Sold goods to Chas. Cranford - -	-	3	9 0
„	9.	Bought goods from D. Dewar & Sons -	-	36	5 8
„	11.	Cash takings 6th to 11th - - -	-	14	8 6
„	11.	Paid Argyle Bros. cheque £10 and cash			
		£5 - - - - -	-	15	0 0

Exercise No. XIII.—Continued.

Jan. 11.	Sold goods to Argyle Bros.	.	.	4	16	8
„ 11.	Paid Wages - - - -	-	-	3	12	0
„ 13.	Received cheque from Bartrum & Co. and paid to Bank - - -	-	-	14	10	0
„ 13.	Allowed discount to Bartrum & Co.	-	-	0	10	0
„ 14.	C. Cranford returns goods -	-	-	1	19	0
„ 15.	Paid to Bank out of cash -	-	-	15	0	0
„ 16.	S. Mason withdraws cash for self	-	-	5	0	0
„ 18.	Cash takings 13th to 18th -	-	-	16	10	5
„ 18.	Bought Hand-cart for cash	-	-	3	0	0
„ 18.	Paid Wages - - - -	-	-	3	12	0
„ 20.	Paid for Hand-bills, printing and dis- tributing - - - -	-	-	1	10	0
„ 21.	Drew cheque for D. Dewar & Sons £35, discount £1 5s. 8d.					
„ 21.	Paid £16 to Bank out of cash.					
„ 22.	Sold to Eversley & Co. goods £16 8s. 9d. and Hand-cart £3 10s.					
„ 24.	Bought goods from Ford & Son -	-	-	20	19	3
„ 25.	Cash takings 20th to 25th -	-	-	17	9	8
„ 25.	Bought New Counter for cash -	-	-	3	6	0
„ 25.	Paid Wages - - - -	-	-	3	12	0
„ 27.	Received from Eversley & Co. £19 18s., discount 9d.					
„ 28.	Paid Ford & Son cash on a/c. -	-	-	18	0	0
„ 29.	„ Argyle Bros. cash £3, cheque £5; discount 3s. 4d.					
„ 30.	Sold goods to Argyle Bros.	.	.	8	12	6
„ 31.	Sold goods to Bartrum & Co.	-	-	25	9	2
„ 31.	Cash takings 29th to 31st -	-	-	18	12	5
„ 31.	Bought goods from Ford & Son -	-	-	16	14	9

Enter up in the proper books, and prepare Trial Balance, 31st Jan., 1908.

Exercise No. XIII.—Continued.

2. If the following questions were put to you by a merchant in his office where the books are kept on the Double Entry System, how would you proceed to find the information required?

- a. What was the price of an article purchased by me from Asquith & Sons in the early part of last year?
- b. How much do Halliday & Co. owe me to-day?
- c. How much money is there in the bank now?
- d. What are the total sales from 1st Jan., 1908, up to to-day?

3. What entries would you make in your books to record the following transactions?

- a. James Wing, wishing to make a remittance, and having no banking a/c. of his own, gives you £10 in gold, for which you give him a cheque on your banking a/c. for £10.
- b. Cashed a cheque for £5 for James Wing.
- c. Sent James Wing £20 worth of goods on appro.
- d. James Wing returns goods sent on appro. to the value of £14, keeping £6 worth.

4. The Petty Cash Book is kept on the Imprest System, and has analysis columns for "Goods," "Sundry Expenses," "Carriage," "Stationery and Postage," and "Travelling Expenses."

Enter up in the Petty Cash Book the following payments for March, 1908:—2nd.—Window cleaner, 2s. 6d.; 4th.—Stamps, £1; 5th.—Car fares, 4½d.; 6th.—Caretaker, 5s.; 9th.—Large envelopes, 1s.; 10th.—Expenses to Manchester, 7s. 3d.; 11th.—Newspapers, 3s.; Copy letter book, 7s. 6d.; 13th.—Telephone trunk calls for February, 5s. 9d.; 17th.—Telegram, 9½d.; 20th.—Railway guide, 1d.; 21st.—Stamps, 10s.; Goods, 6s. 11d.; 23rd.—Great Northern Railway a/c., 15s. 6d.; 24th.—Firewood, 3s.; 25th.—Car fares, 7d.; 26th.—Carrier, 2s. 2d.; 27th.—Expenses to Liverpool, 10s. 5d.; 28th.—Advertisement for clerk, 1s. 6d.; 30th.—Bottle of ink, 2s. 6d.; Goods, 14s. 9d.; 31st.—Parcel Express Co., 11s. 9d.

The Petty Cashier keeps a float of £10, and is reimbursed on April 1 by cheque for his payments during March. What records should be made of:—

- a. The float.
- b. The cheque for payments during March.
- c. The Petty Cash Book totals for March?

LANCASHIRE AND CHESHIRE UNIONS.

Elementary, 1906.

Exercise No. XIV.

1.—What is an Income and Expenditure A/c.?

2.—What are the meanings of the following? :—

Refer to Drawer. Not negotiable.

3.—What is a dividend?

4.—Make out an Invoice for 25 tons of Spelter @ £25 per ton, sent by Frederick Hartzmann, to the British Tinplate Co., Ltd. Shipped from Hamburg, per SS. "Flamingo" and f.o.r. Newport.

5.—Rule and Head a Day Book with impersonal columns.

You may attempt not more than three of the above questions.

6.—John Cunningham acquired a Restaurant business on Jan. 1st, 1906. He paid into the Bank £600.

His transactions were as follows :—

Jan. 1	Bought furniture and fittings by cheque for	-	-	£352 10 0
" 6	Takings during week	-	-	94 11 2
" 8	Paid into Bank	-	-	60 0 0
" 13	Takings during week	-	-	99 10 4
" 15	Paid into Bank	-	-	40 0 0
Received bills as under :				
	J. Brown & Co., Meat	-	-	59 16 2
	W. Thomas, Fish, Game, etc.	-	-	18 17 3
	R. Green, Bread, etc.	-	-	7 9 4
	H. Gowe, Ltd., Vegetables, etc.	-	-	6 18 3
	R. Joker, Minerals, etc.	-	-	16 17 4
" 20	Takings during week	-	-	100 15 8
" 24	Provisions, etc., paid for in cash during three weeks	-	-	140 18 2
Paid following accounts by cheque :				
	J. Brown & Co. (receiving discount, £2 19s. 2d.)	-	-	56 17 0
	H. Gowe, Ltd. (receiving discount, 8/3)	-	-	6 10 0
	W. Thomas (receiving discount, 18/3)	-	-	17 19 0
	R. Green (receiving discount, 9/4)	-	-	7 0 0
" 27	Paid Rent in cash	-	-	10 0 0
	Wages and sundry expenses, three weeks	-	-	18 18 11

On January 21st a fire occurred, destroying furniture and fittings, and stock.

Enter in proper books and post to Ledgers, debiting and crediting appropriate a/cs., and prepare Trial Balance.

From the foregoing, make out Profit and Loss A/c. and Balance Sheet, writing off furniture and fittings.

Lancashire and Cheshire Unions, Elementary, 1908.

Exercise No. XV.

1. Explain the meaning of the following:—Personal A/c., Impersonal A/c., Crossed Cheque, and give an example of each.

2. What is the object of a Goods A/c., and how is it balanced?

3. Explain the difference between Cash discount and Trade discount.

4. On the 1st April, 1908, James W. Barlow had cash in hand, £17 10s.; goods on hand, £50 10s.; and W. Anson and Charles Harper owed £20 10s. and £17 respectively; Barlow had no liabilities, excepting Lloyd's Bank, Ltd., to whom he owed £17 10s. Journalise (only) the above.

5. Make out Sam Jay's a/c. in your ledger in respect of the following dealings during March, 1908:—

1908.				£	s.	d.
Mar.	2.	Jay buys goods from you	- - -	20	0	0
„	8.	You receive cash from Jay on a/c.	- - -	15	0	0
„	10.	You sell goods to Jay	- - -	16	0	0
„	31.	You buy goods from Jay	- - -	2	0	0

Bring down the balance.

On the 1st March, 1907, William Slater commenced business with a balance at his bankers of £1500, and cash in office, £225. The transactions for the month were as follows:—

1907.				£	s.	d.
Mar.	1.	Purchased goods for cash	- - -	175	0	0
„	2.	Paid for office furniture and fittings, cash	- - -	10	0	0
„	5.	Paid into bank	- - -	25	0	0
„	6.	Sold W. Anson, goods	- - -	142	0	0
„	9.	Recd. from W. Anson on a/c.	- - -	100	0	0
„	12.	Sold J. Wormald, goods	- - -	35	0	0
„	15.	Recd. from J. Wormald	- - -	32	0	0
		And allowed him discount	- - -	3	0	0
„	16.	Bought of Sims & Co., goods	- - -	80	0	0
„	19.	Paid cheque to Sims & Co. in full settlement	- - -	76	0	0
		Purchased from E. Robarts, goods	- - -	50	0	0
„	31.	Cash sales for month	- - -	20	0	0
		Paid wages by cash	- - -	15	0	0
		Paid rent for month by cheque	- - -	10	0	0
		Paid into bank	- - -	100	0	0

Enter the above, post to Ledger A/cs., and prepare a Trial Balance.

From the foregoing make out P. and Loss A/c. and Balance Sheet on 31st March, 1907, taking the value of the stock on that date at £128.

THE MIDLAND COUNTIES UNION, Elementary, 1908.

Exercise No. XVI.

PART I. COMPULSORY.

On Sept. 1st Carter & Co.'s position was as follows:—Cash in hand, £750; Cash at Bank, £1100; Bills Receivable: Adams & Co., £215; Cope & Co., £360; Coal on hand, 1500 tons @ 15s., £1125; Coke on hand, 900 chaldrons @ 10s., £450; they owed the Gas Co., £375 10s.; Rainsford & Co., £284 5s.; and Smith & Co., £340 5s.

The following were their transactions for the month:—

		£	s.	d.
Sept. 3.	Purchased from Smith & Co., Gravel, 185 loads, @ 7s. - - - - -	64	15	0
„ 4.	Forwarded to Smith & Co. (acceptance payable in 10 days) - - - - -	64	15	0
„ 5.	Adams's bill paid at bank - - - - -	215	0	0
„ 6.	Forwarded to Adams & Co., Coals, 360 tons, @ 18s. - - - - -	324	0	0
„ 8.	Forwarded to Gas Co., cheque - - - - -	150	0	0
„ 11.	Sold to Burchell, G., Coals, 240 tons, @ 17s. 6d. -	210	0	0
	Coke, 144 chals., @ 12s. 6d. -	90	0	0
	Gravel, 36 loads, @ 10s. -	18	0	0
„ 12.	Received from Burchell, G., Cheque, and paid same into bank - - - - -	180	0	0
„ 15.	Sold to Adams & Co., Coal, 160 tons, @ 18s. -	144	0	0
	„ Cope & Co., „ 72 tons, @ 18s. -	64	16	0
	„ Burchell G., „ 36 tons, @ 18s. -	32	8	0
„ 17.	Bank honour acceptance - - - - -	64	15	0
	Adams & Co., paid cash for goods; discount, 3/12/6 - - - - -	140	7	6
„ 20.	Paid to bank - - - - -	137	7	6
	Purchased Coal from Rainsford & Co., 820 tons, @ 16s. - - - - -	656	0	0
	Purchased Coal from Smith & Co., 120 tons, @ 17s. 6d. - - - - -	105	0	0
	Purchased Coke from Gas Co., 64 chals., @ 12s. -	38	8	0
	Purchased Gravel from Smith & Co., 24 loads, @ 6s. - - - - -	7	4	0
	Paid Rainsford by cheque for goods; discount, £16 - - - - -	640	0	0
„ 23.	Gave Smith & Co. acceptance for 1 month, £340 : 0 : 0, and cash - - - - -	7	4	0

Exercise No. XVI.—Continued.

Sept. 23.	Sell Cope & Co., Coal, 180 tons, @ 19s.	-	-	171	0	0
	„ Coke, 140 chals., @ 15s. 6d.	-	-	87	10	0
	„ Gravel, 42 loads, @ 7s. 6d.			15	15	0
„ 30.	Cash paid for Salaries and Expenses	-	-	136	15	10
	Cope & Co. settle their a/c. by paying cash	-	-	330	0	0
Coal on hand on 30th Sept., £1401 12s. 0d.; Coke, £358 0s. 0d.; Gravel, £45 17s. 0d.						

Post the above, take out a Trial Balance, and prepare a P. and Loss A/c. and Balance Sheet on 30th Sept.

PART II.

Four questions only are to be attempted. Answers are to be given briefly.

1. Define Capital, and show clearly how I could have £1000 Capital, and at the same time have only £1 cash.

2. What do you do with each of the following balances:—Balance of Profit and Loss A/c., Capital A/c., Trade Exps., Goods A/c., Discount A/c.?

3. Explain clearly the terms: Acceptance, Promissory Note, Draft, Assets and Liabilities.

4. Rule a form of Sales Day Book, suitable for a manufacturer who makes three distinct classes of articles, and give three specimen entries.

5. What do you understand by B/R., B/P., Days of Grace? What is meant by Discounting a Bill?

6. Write out a silk mercer's invoice for goods sold, amounting to more than £100, and give the form of a bill at 3 months date, drawn by the mercer on his customer for the amount.

Exercise No. XVII.

1. Give brief definitions of the undermentioned "terms" and "abbreviations":—Account, Cheque, Commission, Draft; c/f, b/f, c/d, b/d; and explain fully the object of the last four with reference to an account.

2. Journalise the following transactions, or enter them in the Invoice Book, Sales Book, and Cash Book; post the entries into a Ledger, and arrange a Trial Balance:—

Oct. 1.	Bought goods from G. Gray	-	-	£128	16	4
	Sold goods to A. Neil	-	-	58	10	6
	Sold goods to R. Smith	-	-	48	11	3
„ 2.	Recd. from A. Neil to settle his a/c.	-	-	57	0	6
	Sold goods for cash	-	-	15	0	10

Exercise No. XVII.—Continued.

Oct. 3.	Sold goods to A. Neil	-	-	-	36	16	4
	Paid into bank	-	-	-	60	0	0
„ 5.	Paid wages	-	-	-	10	0	0
„ 6.	Sold goods to G. Gray	-	-	-	18	6	9
	Paid G. Gray by cheque on a/c.	-	-	-	46	0	0
„ 7.	Bought goods from R. Smith	-	-	-	36	10	0
	And received from him cash	-	-	-	48	11	3
	Bought goods for cash	-	-	-	20	0	0

Exercise No. XVIII.

A trader has the following balances in his books on 1st Sept., 19—:—Plant and Fixtures, £500; Cash in hand, £45; due by A. Tain, £76; A. Gray, £160; due to S. Brown, £50; estimated stock in hand, £364. Open Ledger A/cs. for above, and pass the following through the books:—

Sept. 1. Bought from Osborn & Co.—

760 yds. cloth, @ 7s. per yd.

416 „ „ @ 5s. 6d. per yd.

12 gross reels, @ 2s. 1d. per doz.

„ 2. Cash sales to Ben. Reid—

78 yds. linen, @ 9d. per yd.

96 „ „ @ 8d. per yd.

11 doz. reels, @ 30s. per grs.

„ 4. Sold A. Tain—

460 pcs. cloth, @ 7s. 6d. per pce.

640 „ „ @ 9s. 6d. per pce.

„ 7. Recd. cash from A. Tain, £74.

„ 7. Discount given, 2.

„ 9. Paid wages 20.

„ 12. Sold A. Gray—

400 yds. cotton, @ 4½d. per yd.

276 „ lining, @ 7d. per yd.

15 gross reels, @ 2s. 6d. per doz.

„ 15. Bought from S. Brown—

356 yds. linen, @ 6½d. per yd.

180 „ cotton, @ 3¾d. per yd.

78 „ cloth, @ 2s. 6d. per yd.

„ 16. Paid S. Brown cash, £48.

„ 16. Discount received 2.

„ 16. Stock in hand 300.

Prepare Balance Sheet.

Exercise No. XIX.

To be passed through Cash, Sales, and Bought Books, Journal and Ledger, or Bills Book may be used in lieu of Journal:—

19—.

Sept. 1.	Arthur Flint began business with a capital of £1250 in cash.				
„ 2.	Paid into bank	-	-	-	£900 0 0
„ 4.	Bought goods for cash	-	-	-	50 10 0
„ 5.	„ „ of A. Gibb	-	-	-	110 16 0
„ 8.	Gave him my acceptance @ 1 mo.	-	-	-	110 16 0
„ 10.	Sold goods to W. Mann	-	-	-	163 4 0
„ 16.	Recd. cash from do., and banked same	-	-	-	155 0 0
„ 16.	Discount allowed W. Mann	-	-	-	8 4 0
„ 19.	Paid Trade Expenses by cheque	-	-	-	21 3 4
„ 22.	Sold goods for cash	-	-	-	10 2 0
„ 25.	„ „ to R. Coats	-	-	-	44 0 0
„ 26.	Recd. R. Coats' acceptance @ 3 mos.	-	-	-	44 0 0
„ 28.	Bot. goods for cheque	-	-	-	78 0 6
„ 30.	Paid rent in cash	-	-	-	30 10 0

(Stock in hand valued at £210).

Prepare Profit and Loss A/c. and Balance Sheet.

Exercise No. XX.

19—.

Sept. 1.	Jas. Green began business with a capital of £900 in bank, and cash in hand £50.				
„ 4.	Bought goods of W. Brett	-	-	-	£210 6 9
„ 5.	„ „ J. Philip	-	-	-	54 8 0
„ 7.	Sold goods to R. Oxford	-	-	-	94 15 0
„ 8.	„ „ for cash	-	-	-	48 0 0
„ 13.	Paid wages by cheque	-	-	-	24 0 0
„ 14.	Bot. goods for cash	-	-	-	23 2 6
„ 14.	Paid Expenses in cash	-	-	-	10 10 0
„ 16.	Sent a draft to R. Oxford @ 2 mos., which he accepted	-	-	-	94 15 0
„ 18.	Drew for private use by cheque	-	-	-	20 0 0
„ 21.	Accepted W. Brett's draft @ 1 mo.	-	-	-	150 0 0
„ 30.	Paid rent by cheque	-	-	-	15 15 0

(Stock in hand valued at £250).

Prepare Profit and Loss A/c. and Balance Sheet.

Exercise XXI.

The books of Mack & Co. were reopened with the following balances:—

19—.

Oct. 1.	Cash at bank -	-	-	-	-	£400
	Bills Receivable	-	-	-	-	581
	Due from Baird & Co.	-	-	-	-	159
	„ „ Lewis & Co.	-	-	-	-	78
	„ to Wills & Son -	-	-	-	-	250
	„ „ B. Firth	-	-	-	-	153
	Plant and Furniture	-	-	-	-	500
	Stock in hand	-	-	-	-	1000
Oct. 2.	Sold goods to Lewis & Co. -	-	-	-	-	764
„ 3.	Recd. their acceptance	-	-	-	-	76
„ 5.	Discount allowed	-	-	-	-	2
„ 7.	Discounted a Bill Receivable	-	-	-	-	200
„ 7.	Discount charged by bank	-	-	-	-	4
„ 10.	Drew cheque for office cash	-	-	-	-	25
„ 10.	Paid salaries, cash -	-	-	-	-	15
„ 12.	Paid Wills & Sons' cheque	-	-	-	-	100
„ 12.	Gave them Pro. Note @ 1 mo.	-	-	-	-	150
„ 13.	Trade exps. by cheque	-	-	-	-	12
„ 14.	Bot. goods of B. Firth	-	-	-	-	360
„ 20.	Retd. goods to do.	-	-	-	-	15
„ 27.	Sold goods to G. Lane for cash	-	-	-	-	150
„ 27.	Paid into bank	-	-	-	-	130
„ 29.	Paid B. Firth cheque	-	-	-	-	150
„ 29.	Abatement received	-	-	-	-	3
„ 31.	Deprecn. on plant	-	-	-	-	10
„ 31.	Interest on capital	-	-	-	-	15
„ 31.	Estimated stock	-	-	-	-	480

Prepare Balance Sheet.

Exercise XXII.

The Assets and Liabilities of R. Holm on 1st Oct., 19—, are:—
Cash, £1800; Creditors—B. Howe £1400, R. Robb £1316; Debtor—S. Irvine, £525; Stock, £1600; Plant and Fittings, £550; Bill Receivable, £927; Bill Payable, £880.

Open Ledger for above, and pass the following through the books and prepare Balance Sheet:—

Oct. 1.	Sold S. Irvine goods -	-	-	-	£1520	1	6
„ 2.	Bot. goods of B. Howe	-	-	-	910	4	5
„ 3.	Bot. goods of R. Robb	-	-	-	720	5	3

Exercise No. XXII.—*Continued.*

Oct. 7.	Recd. cash from S. Irvine	-	-	-	100	0	0
„ 8.	Bot. goods from A. Kay for cash	-	-	-	15	6	9
„ 10.	Cash paid to B. Howe	-	-	-	460	0	0
„ 12.	Bill drawn on S. Irvine	-	-	-	400	0	0
„ 12.	Discount allowed do.	-	-	-	25	0	0
„ 16.	Paid wages	-	-	-	25	7	6
„ 16.	„ rent	-	-	-	10	10	0
„ 17.	Bill payable retired	-	-	-	880	0	0
„ 20.	Bill drawn by R. Robb	-	-	-	760	0	0
„ 25.	Bot. plant from A. Clark	-	-	-	55	7	6
„ 26.	Discounted bill at bank	-	-	-	920	10	0
„ 26.	Discount charged	-	-	-	6	10	0
„ 29.	Retd. goods to R. Robb	-	-	-	10	5	3
„ 30.	Cash withdrawn by R. Holm	-	-	-	15	0	0
„ 30.	Paid expenses	-	-	-	23	5	4
„ 31.	Stock in hand	-	-	-	1200	0	0

Exercise XXIII.

S. Ingram on 1st Oct., 19—, had the following balances in his books, viz.—

ASSETS—Petty Cash, £20; Cash in Bank, £570; Stock, £1050; Bills Receivable, £164; due by J. Green, £159.

LIABILITIES—Owed J. Gold, £18; Bills Payable, £95; and Capital Account, £1850. (All receipts banked same day as received).

Oct. 2.	Bot. goods from A. Mitchell	-	-	£210	15	0
„ 4.	Paid J. Gold by cheque	-	-	18	0	0
„ 7.	Repaid petty cash disbursements (by cheque)	-	-	17	10	6
„ 12.	Sold goods to A. Neil	-	-	259	10	0
„ 16.	Recd. A. Neil's acceptance for	-	-	253	10	0
„ 16.	Discount allowed do.	-	-	6	0	0
„ 21.	Repaid petty cash expenses (by cheque)	-	-	17	18	4
„ 27.	Accepted A. Mitchell's draft for	-	-	210	15	0
„ 27.	Sold goods to A. Bell for cash	-	-	12	4	3
„ 28.	Paid rent by cheque	-	-	15	10	0
„ 28.	Sold goods to J. Aird	-	-	174	3	8
„ 29.	Recd. cash from do.	-	-	170	0	0
„ 29.	Discount allowed do.	-	-	4	3	8
„ 30.	Recd. cheque from J. Green	-	-	157	5	0
„ 30.	Discount allowed do.	-	-	1	15	0
„ 30.	Stock in hand	-	-	880	0	0

Make out Balance Sheet.

Exercise XXIV.

On January 1, 19—, Ralph Good ascertained that the state of his affairs was as follows:—

Cash at Parr's Bank	-	-	-	-	-	£1000
Bills receivable—A. Smith, due Jan. 15	-	-	-	-	-	500
B. Francis, due Jan. 27	-	-	-	-	-	600
Owing to E. Rose	-	-	-	-	-	700
Stock of wine on hand (cost price)	-	-	-	-	-	1900
Furniture and fittings	-	-	-	-	-	400
Bill payable, due Jan. 17	-	-	-	-	-	300
Petty cash in hand	-	-	-	-	-	65

Jan. 2. Purchased of O. Pullen (ex duty), 5 pipes wine, @ £100 per pipe.

„ 3. Sold to E. Storey, 3 pipes wine, @ £130 per pipe.

„ 5. Paid duty on wine from O. Pullen, £100.

„ 6. Sold to George Abel, 4 pipes wine, @ £135 per pipe.

„ 7. Discounted with banker's bills receivable, £1100; discount, £2 5s.

„ 8. Purchased and paid for by cheque, 20 pipes wine, @ £90 per pipe.

„ 9. Sold to E. Storey, 10 pipes wine, @ £125 per pipe.

„ 12. Recd. of E. Storey on a/c., £700.

„ 16. Sold to George Abel, 6 pipes wine, @ £130 per pipe.

„ 17. Bill payable due this day duly met at bank.
Drew cheque petty cash, £50.

„ 19. Recd. from George Abel his acceptance @ 2 mos. for amount of a/c., less $2\frac{1}{2}$ per cent. discount.

„ 21. Recd. of E. Storey on a/c., £500.

„ 22. Purchased of A. Cann & Co., 3 pipes wine, @ £115 per pipe.

„ 24. Accepted A. Cann & Co.'s draft @ 3 mos. for £220.

„ 26. Paid O. Pullen amount of his a/c., less $2\frac{1}{2}$ per cent.

„ 29. Sold to E. Ladd, 10 pipes wine, @ £125 per pipe.

Drew cheques—Salaries, £50; self, £150.

Petty cash payments during month:—Trade charges, £30;
office expenses, £10; wages, £50.

All receipts paid into bank and all payments except petty cash are made by cheque.

LANCASHIRE AND CHESHIRE UNIONS, 1907.

Exercise No. XXV.

INTERMEDIATE.

1. What is the meaning of Book Debts, Dividend, Reconciliation A/c.?

2. What are the advantages of double entry book-keeping over single entry? Can a trader who keeps his books by single entry ascertain his profit or loss for any period, and, if so, how?

3. What do you understand by the "opening entries" and "closing entries" of a business? Give an example of each.

4. Upon which side of a ledger would you expect to find the following balances:—Discount A/c., Goodwill A/c., Furniture A/c., Rents Received A/c.?

5. Explain the meaning of Personal A/c., Impersonal A/c., and give an example of each.

6. Sketch a form of wages book (for a week) for a firm of joiners who pay their men according to the number of hours they work at a fixed rate per hour. Fill in the particulars for the week ending, March 9, 1907, for:—

Albert Smith who works 50 hours, @ 9d. per hour.

Harry Jones, who works 54 hours, @ 9½d. per hour.

You may answer not more than four of the above questions.

7. On the 1st Jan. 1907, the position of Moses Atkinson, trading as M. Atkinson and Co., drapers, Llandaff, was as follows:—

Cash in hand	-	-	£56	10	0
Petty cash in hand	-	-	7	8	0
Bank	-	-	349	12	0
Office furniture	-	-	57	15	0
Cost of Electric light installation	-	-	125	0	0
Stock	-	-	3026	5	0
Owing by Geo. Somers & Co.	-	-	121	0	0
" " Richard Smith	-	-	98	19	0
" " A. Abson & Sons	-	-	26	10	0
Owing to W. Wilson	-	-	-	-	£339 19 0
" " Dickenson Bros.	-	-	-	-	237 8 0
" " Whittaker's, Ltd.	-	-	-	-	107 14 0

Exercise No. XXV.—*Continued.*

Transactions for the month as follows:—

Jan. 1.	Purchased from W. Wilson, goods	-	-	-	£128	10	0
	Sold to Richard Smith, goods	-	-	-	59	8	0
„ 7.	Recd. cash from Geo. Somers & Co. in full settlement, which I accept	-	-	-	118	17	0
„ 9.	Paid fire insurance out of petty cash	-	-	-	4	3	0
„ 12.	Paid W. Wilson by cheque	-	-	£339	19	0	
	Less discount 5 per cent.	-		17	0	0	
							322 19 0
„ 14.	Retd. to Whittaker's, Ltd., defective goods	-			10	14	0
„ 17.	Sent do. cheque for bal. of a/c., less 5 per cent. discount.						
„ 18.	Recd. @ 3 mos. bill from Rd. Smith	-	-		96	8	0
	Allowed him discount	-	-	-	2	11	0
„ 19.	Paid Smith's bill into bank, dist. chgd.	-	-		1	0	0
	My a/c. credited with	-	-	-	95	8	0
„ 20.	M. Atkinson (proprietor) withdraws for his private a/c. household exps., cash	-	-		50	0	0
„ 21.	Purchased for cheque a new Milner's safe	-			22	5	0
„ 22.	Recd. cheque, and paid into bank same day, from A. Abson & Sons, on a/c.	-			10	0	0
„ 30.	Paid wages of assistant during month, cash	-			105	10	0
	Paid rent by cheque	-	-	-	30	0	0
	Paid stationery and sundry exps., cash	-	-		3	15	0
	Paid stationery and exps., p. cash	-	-		1	7	0
	Cash sales during month	-	-	-	505	10	0
	Paid cash into bank during month	-	-		490	5	0
	Write £10 off furniture and fittings, etc.						
	Charge M. Atkinson £1 for interest on drawings.						
	Credit his capital a/c. with £12 for interest.						

From the foregoing close the a/cs., bring down the balances make out P. and Loss A/c. and Balance Sheet. On Jan. 31 the stock was £2819 13s.

LANCASHIRE AND CHESHIRE UNION,

Elementary, 1907.

Exercise No. XXVI.

1. What do you understand by (a) Capital; (b) Voucher; (c) Bringing down a balance?

2. Mention two or three ways in which a cheque can be crossed.

3. What is a Bank Pass Book? Explain its use to a business man.

4. Rule the form of a Petty Cash Book, and enter £12 received by the cashier on Mar. 1, 1907, and the details of four payments made by him for the week ended Mar. 8. Bring down the balance.

5. On Jan. 1, 1907, J. Smith had cash in hand, £5 10s.; cash at bank, £60 10s.; goods on hand, £125; and Wm. Alton owed him £7. He owed A. Roberts £27 10s. Journalise only the above.

You may answer not more than three of the above questions.

6. On Mar. 1, 1907, C. H. Smithson began as a grocer with £1000 capital, of which £950 was banked and £50 retained as cash in hand.

Transactions for March were:—

Mar. 1.	Bot. goods at auction mart, cheque	-	-	-	£731	5	0
„ 1.	Bot. office furniture and fittings for cash	-	-	-	38	0	0
„ 9.	Sold to Mrs. B. Vero, goods	-	-	-	7	5	0
„ 13.	Bot. of Lipton, Ltd., tea	-	-	-	28	10	0
„ 15.	Bot. of J. G. Cooper, sugar	-	-	-	13	5	0
„ 16.	Paid Lipton, Ltd., cheque to settle a/c.	-	-	-	27	0	0
„ 18.	Bot. goods at auction mart for cash	-	-	-	10	0	0
„ 19.	Sold Mrs. A. Harker, goods	-	-	-	3	3	0
„ 25.	Mrs. B. Vero paid cash £7; discount, 5s.	-	-	-	7	5	0
„ 29.	Cash sales for month	-	-	-	152	0	0
„ 29.	Paid assistants' wages for mo., cash	-	-	-	5	6	0
„ 29.	Paid rent for mo., cheque	-	-	-	5	0	0
„ 29.	Paid trade expenses for mo., cash	-	-	-	9	10	0
„ 29.	Paid into bank	-	-	-	102	5	0
„ 31.	Stock in hand	-	-	-	659	3	0

Enter in the proper books, post to Ledger, and prepare T. Balance.

7. From the foregoing make out P. and L. A/c. and Balance Sheet on 31st March, 1907.

LANCASHIRE AND CHESHIRE UNION, 1910.

Exercise No. XXVII.

PRELIMINARY COURSE (SECOND YEAR).

1. Record the following transactions of J. Alton in the proper books, post to Ledger, and take out a Trial Balance. He started business on Jan. 1, 1910, with cash in hand, £8 15s.; cash in bank, £111 5s.; and goods on hand, £62 12s. 6d. L. Hurley owed him £37 2s. 6d., W. Revell owed him £10 5s. He owed to A. Moxon £18 8s. 6d., and to J. Holmes £31 11s. 6d.

The transactions for Jan. were as follows:—

1910.

Jan.	1.	Bot. goods from A. Moxon	-	-	-	-	-	£21	5	0
	3.	Received from L. Hurley, cash	-	-	-	-	-	36	0	0
		Allowed him discount	-	-	-	-	-	1	2	6
	5.	Paid into bank	-	-	-	-	-	40	0	0
	8.	Sold goods to W. Revell	-	-	-	-	-	19	17	6
	12.	Paid rent by cheque	-	-	-	-	-	5	10	0
	15.	Paid A. Moxon by cheque	-	-	-	-	-	17	0	0
		He allowed discount	-	-	-	-	-	1	8	6
	19.	Received from W. Revell cheque on account, and paid same to bank	-	-	-	-	-	15	0	0
	22.	J. Alton draws cheque for household expenses	-	-	-	-	-	50	0	0
	23.	Purchased goods for cash	-	-	-	-	-	5	17	6
	24.	Paid J. Holmes, cheque, in full settlement of his a/c.	-	-	-	-	-	31	0	0
	28.	Cash sales during month	-	-	-	-	-	23	0	0
	31.	Paid trade expenses by cash	-	-	-	-	-	12	5	0

2. What do you understand by (a) Bank Overdraft; (b) Creditor (c) Bad Debt.

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE, 1909.

Exercise No. XXVIII.

FIRST STAGE.

1. Define fully the use of a Sales Day Book.

2. Two traders, A and B, carry on the same kind of business. A has a set of books which are properly kept, whilst B keeps no books, but only has incomplete memoranda of a portion of his transactions. What will A's advantages be as compared with B at the end of a year's trading?

3. What are the points which you would consider it necessary to watch if you were entrusted with the keeping of a Cash Book?

4. On Mar. 1, 1909, C. Read commences business, and borrows from his father, J. Read, £250.

Mar. 1.	He becomes tenant of a shop at monthly rent -	£4	0	0
„ 1.	He pays into Commercial Bank - - - -	200	0	0
„ 1.	Paid cash for shop fixtures - - - - -	20	0	0
„ 1.	Paid to G. Ellis for stock in shop, cheque - -	80	0	0
„ 2.	Bot. goods from A. Reynolds - - - - -	30	8	7
„ 4.	Paid plate glass insurance - - - - -	0	10	6
„ 5.	Sold goods to Beale & Co. - - - - -	10	0	5
„ 5.	Sold goods to Ashton & Mills - - - - -	3	16	4
„ 5.	Paid for cleaning shop - - - - -	3	10	0
„ 6.	Receipts per shop till for week - - - - -	18	5	6
„ 7.	Ashton & Mills return goods - - - - -	0	2	6
„ 8.	Paid to bank - - - - -	30	0	0
„ 11.	Sold goods to Beale & Co. - - - - -	5	19	7
„ 12.	Ashton & Mills pay cash (discount, 3s. 10d.) -	3	10	0
„ 13.	Receipts per shop till for week - - - - -	19	14	3

Exercise No. XXVIII.—*Continued.*

Mar. 13.	Paid self for household expenses - - - -	£2 10 0
„ 13.	Paid wages, two weeks - - - -	8 16 8
„ 15.	Received cheque from Beale & Co., and paid to bank - - - -	15 12 0
	Discount allowed - - - -	0 8 0
„ 15.	Paid to bank - - - -	15 0 0
„ 15.	Paid for advertising - - - -	2 10 0
„ 16.	Sold goods to Beale & Co. - - - -	2 0 5
„ 16.	Bot. goods from A. Reynolds - - - -	5 4 9
„ 18.	Paid rates by cheque - - - -	4 13 3
„ 18.	Paid A. Reynolds, cheque (discount, 13s. 4d.) -	35 0 0
„ 19.	Sold goods to Ashton & Mills - - - -	14 3 7
„ 20.	Receipts per shop till for week - - - -	27 6 4
„ 20.	Bot. goods from A. Reynolds - - - -	4 3 7
„ 24.	Sold goods to Beale & Co. - - - -	4 6 11
„ 27.	Receipts per shop till for week - - - -	18 9 2
„ 27.	Paid month's rent - - - -	4 0 0
„ 27.	Paid self for household expenses - - - -	3 10 0
„ 27.	Sold goods to Beale & Co. - - - -	1 18 4
„ 27.	Paid wages, two weeks - - - -	11 0 0
„ 28.	Goods returned by Beale & Co. - - - -	0 8 11
„ 29.	Paid for repairs to premises - - - -	4 13 6

Enter in proper books, and prepare T. Balance.

5. J. Rhodes has the following transactions with B. Sharp:—On Jan. 1, 1909, Sharp owes Rhodes £15 8s. 6d. Rhodes sells goods to Sharp, Jan. 28, £4 16s. 9d.; Feb. 3, £8 17s. 5d.; Feb. 9, £5 12s. 11d.; Mar. 4, £13 12s. 9d.; Mar. 18, £6 14s. 5d.; Mar. 24, £3 11s. 9d. Sharp returns goods, Feb. 6, £2 16s. 4d.; Mar. 1, 17s. 11d. Rhodes buys goods from Sharp, Jan. 16, £10 10s.; Feb. 18, £14 15s. 9d.; Mar. 25, £3 9s. 2d.; and on Feb. 28 Rhodes returns goods, £3 5s. 9d. Rhodes allows Sharp discount 5 per cent., and Sharp allows Rhodes $2\frac{1}{2}$ per cent. Make out an a/c. showing how much Sharp owes net at Mar. 31.

NATIONAL UNION OF TEACHERS, Elementary, 1909.

Exercise No. XXIX.

1. Give the meanings of the following:—Account, Commission, Posting, Solvent, Sterling, Voucher.

2. Rule a Model Sales Book, and enter two of the following items to each of two names (and dates) of your own choice:—6 gross buttons, at 5d per doz.; 20 yds. silk, at 10s. 6d. yd.; 5 doz. hats, at 2s. 6d. each; 90 ties, at 21s. per doz.

3. Each day, from Monday to Saturday (six days), a costermonger bought 17s. 6d. worth of fruit. His takings were 23s. daily. On Saturday night he reckoned he had 2s. 6d. worth of fruit left. Make out an a/c. showing his profit for the week.

On Jan. 1, 1909, the state of Francis Fair's business was as follows:—Cash in hand, £365; goods on hand, £420.

Debtors:—B. Best, £115; D. Dean, £80; K. Kew, £315. Creditors: L. Lord, £205; Y. Young, £90. Find and credit his capital. Then enter the transactions below in suitable books, post to the Ledger, draw out a Trial Balance, balance the a/cs., and make out a P. and L. A/c. and Balance Sheet.

1909.

Jan.	1.	Paid rent - - - - -	£25 0 0
"	2.	Received of K. Kew - - - - -	197 10 0
		Discount in addition - - - - -	2 10 0
"	4.	Paid water rate - - - - -	5 5 0
"	6.	Sales to K. Kew - - - - -	120 15 6
"	7.	Recd. cash for a bad debt written off last year -	24 12 8
"	8.	Bought goods of L. Lord - - - - -	65 10 6
"	9.	Received cash of B. Best - - - - -	102 12 6
		Wrote off the balance of his debt as bad - - -	12 7 6
"	11.	Cash sales - - - - -	90 3 4
"	12.	Cash purchases - - - - -	70 13 4
"	13.	Received cash of K. Kew - - - - -	113 12 6
		Discount in addition - - - - -	1 7 6
"	14.	Paid L. Lord cash - - - - -	146 5 0
		Discount in addition - - - - -	3 15 0
"	15.	K. Kew bought goods - - - - -	32 8 4
"	16.	Paid wages - - - - -	8 15 0
"	18.	Y. Young purchased goods - - - - -	35 7 6

Exercise No. XXIX.—Continued.

Jan. 19.	D. Dean paid me	-	-	-	-	-	-	£78	8	0
	Discount in addition	-	-	-	-	-	-	1	12	0
„ 20.	Purchases from N. Nash	-	-	-	-	-	-	136	10	0
„ 21.	Paid Y. Young cash	-	-	-	-	-	-	53	0	0
	Discount in addition	-	-	-	-	-	-	1	12	6
„ 22.	Sales to D. Dean	-	-	-	-	-	-	120	13	4
„ 23.	Paid wages	-	-	-	-	-	-	8	15	0
„ 25.	Paid L. Lord cash	-	-	-	-	-	-	53	12	6
	Discount in addition	-	-	-	-	-	-	1	7	6
„ 26.	D. Dean bought goods	-	-	-	-	-	-	24	16	8
„ 27.	Paid to N. Nash cash	-	-	-	-	-	-	35	0	0
	Discount in addition	-	-	-	-	-	-	1	10	0
„ 28.	Y. Young sold me goods	-	-	-	-	-	-	85	10	9
„ 29.	Drew cash for self	-	-	-	-	-	-	25	0	0
„ 30.	Paid salaries	-	-	-	-	-	-	35	0	0
„ 30.	Interest on capital	-	-	-	-	-	-	4	3	4
„ 30.	Stock on hand	-	-	-	-	-	-	495	0	0

NATIONAL UNION OF TEACHERS, Elementary, 1910.**Exercise No. XXX.**

1. If you were a clerk in an office, and somebody brought you the Purchases Book and told you to post it, describe fully what you would do.

2. John Baker, merchant, had cash in hand £100, and goods on hand £200. His creditors were:—B. Black, £130; G. Green, £250; W. White, £120. His debtors were:—B. Bray, £50, and M. May, £80. Make out a Balance Sheet, and say what it tells you about the state of his business.

3. Open a Ledger A/c. for Geo. Scott. Debit him with balance £20. Charge him £1 interest. Credit him with cash £15, and goods £20. Debit him with goods £40, and charge him £2 carriage. Balance his a/c., bring down the balance, and say whether he or you must pay it.

On Jan. 1, 1910, the state of George German's business was as follows:—Cash in hand, £420; goods on hand, £510. Debtors:—A. Ayres, £120; B. Baird, £75; C. Cass, £250. Creditors:—D. Dan, £145, and E. Euston, £55.

Exercise No. XXX.—*Continued.*

Find and credit his capital. Then enter the transactions below in suitable books, post to the Ledger, draw out a Trial Balance, balance the a/cs., and make out a P. and L. A/c. and Balance Sheet.

1910.

Jan.	1.	Received cash of A. Ayres	-	-	-	-	-	£104	12	6
		Wrote off his balance as bad debt	-	-	-	-	-	15	7	6
"	2.	Received cash of C. Cass	-	-	-	-	-	147	17	6
		Allowed him discount	-	-	-	-	-	2	2	6
"	3.	Paid for stationery	-	-	-	-	-	2	13	4
"	4.	Cash sales	-	-	-	-	-	95	4	6
"	5.	Cash purchases	-	-	-	-	-	85	3	4
"	6.	Sold goods to C. Cass	-	-	-	-	-	145	10	4
"	8.	Paid wages	-	-	-	-	-	7	15	6
"	10.	Purchased goods of D. Dan	-	-	-	-	-	75	10	8
"	11.	Received cash for a bad debt previously written off	-	-	-	-	-	25	5	0
"	12.	Paid for painting premises	-	-	-	-	-	10	3	6
"	13.	Drew cash for self	-	-	-	-	-	15	0	0
"	14.	Charge B. Baird interest on his overdue a/c.	-	-	-	-	-	1	1	6
"	15.	C. Cass paid me cash	-	-	-	-	-	98	13	4
		And was allowed discount	-	-	-	-	-	1	6	8
"	17.	Cash paid to D. Dan	-	-	-	-	-	107	12	9
		Discount in addition	-	-	-	-	-	2	7	3
"	18.	Sales to C. Cass	-	-	-	-	-	47	15	2
"	19.	E. Euston bought goods	-	-	-	-	-	32	10	9
"	20.	Received cash of B. Baird	-	-	-	-	-	76	1	6
"	21.	F. France sold me goods	-	-	-	-	-	160	7	6
"	22.	Paid E. Euston cash	-	-	-	-	-	20	10	0
		Discount in addition	-	-	-	-	-	1	19	3
"	22.	Paid wages	-	-	-	-	-	7	15	6
"	24.	Sales to D. Baird	-	-	-	-	-	110	10	8
"	25.	Paid D. Dan cash	-	-	-	-	-	33	18	6
		Discount in addition	-	-	-	-	-	1	1	6
"	26.	Bot. goods of E. Euston	-	-	-	-	-	130	15	6
"	27.	B. Baird purchased goods	-	-	-	-	-	34	9	4
"	28.	Paid F. France cash	-	-	-	-	-	58	10	0
		He allowed discount	-	-	-	-	-	1	10	0
"	29.	Paid salaries	-	-	-	-	-	32	17	6
"	31.	Interest on capital	-	-	-	-	-	5	0	0
"	31.	Goods on hand	-	-	-	-	-	482	13	9

ROYAL SOCIETY OF ARTS, Stage 1, 1909.

Exercise No. XXXI.

1. What do you understand by the terms Balance Down, Trial Balance, and Balance Sheet? What is the chief difference between the last two? Does the term Balance Down, closing the debit side of an a/c., mean that the a/c. is in credit, or in debit, and why?

2. Give a form of Cash Book you would recommend as suitable for recording both cash and bank transactions. Start the book with a balance at the bank, and draw a cheque in favour of "self," the proceeds of which are to be used in making cash payments. Make six further entries on the debit side, paying all receipts into the bank, and six further entries on the credit side, three being cash payments and three payments by cheque; balance the Cash Book and carry down the balances.

3. On Feb. 27, 1909, John Jones sold William Smith 3 lbs. of tea at 1s. 9d., 2 lbs. of sugar at 6½d., 2 ozs. of Jordan almonds at 2s. 6d. a lb., and 3 tins of potted salmon at 5s. 4d. the dozen. Make an invoice of the goods supplied.

4. On April 3, 1908, Thos. Fisher sold George Kent goods to the amount of £30 15s. 0d.; on May 4, Kent paid Fisher £20 5s. 0d. on account; on April 30, Fisher sold Kent £45 10s. 0d. of goods; on May 31, Kent paid Fisher £32 10s. 0d. on account; on June 4, Kent returned to Fisher £5 10s. 0d. goods (not being up to sample); on June 12, Fisher sold Kent £42 8s. 0d. of goods; on June 30, Kent paid Fisher the balance owing upon the transactions of April 3 and 30 after deducting 2½ per cent. discount, together with a further amount of £20 on account. As on June 30, Fisher sent a three months' statement to Kent. Draw the statement so sent.

5. On May 31, 1908, George Kent paid Thos. Fisher £32 10s. 0d. He paid this by cheque on the Credit Banking Co., Ltd. Sketch the form of cheque he would use, and "draw" it, making it as secure as you can against loss by theft or mischance.

6. On Jan. 1, 1908, J. Ferguson started business as a grocer, and paid £200 into the Union Bank by way of capital. On that day goods were delivered by McDonald & Co. to him which he had previously ordered to the value of £50, and for which he paid by cheque, deducting 5 per cent. discount for cash. The same day he made cash sales amounting to £4 6s. 2d., which he paid into the bank.

On Jan. 2, he drew and cashed a cheque for £5 for petty cash purposes, and purchased for cash 5s. worth of stamps and 15s. worth of stationery. The cash sales on this day amounted to £1 7s. 7d., which he paid into the bank, and he also sold goods on credit to Mrs. Murphy amounting to £2 4s. 6d., and to Mr. Graham amounting to £1 4s. 4d.

On Jan. 3, he bought further goods from McDonald & Co. amounting to £25 16s. 10d., but this time the purchase was on credit terms. On Jan. 4, Mrs. Murphy paid £1 on account of the goods supplied to her, and this amount, together with the cash sales for two days, £4 3s. 7d., was paid into the bank. On the same day he supplied goods amounting to £1 16s. 10d. on credit to Mr. Graham, who, at the time of ordering, paid for the goods supplied on Jan. 2, less 4s. 4d. discount, and this amount was paid into the bank. On Jan. 5, he bought goods on credit from W. McNab & Sons amounting to £14 12s. 8d., and paid McDonald & Co.'s a/c., less 5 per cent discount, by cheque.

Open Ledger A/cs., and post direct the above transactions. Then balance the a/cs. and bring down the balances.

ROYAL SOCIETY OF ARTS, Stage 1, 1910.

Exercise No. XXXII.

1. Give three "business terms" and three "business abbreviations," and explain the meaning of each.

2. When goods are sent to a customer, what is said to be sent with them (or by an early post) recording the transaction? Give an example. How does this document differ from a statement.

3. On Jan. 4, 1909, John Brown purchased goods of Thomas Smith to the amount of £252 4s. 3d. On Jan. 8, Brown returned £51 2s. 5d. of these goods as being faulty, and sent Smith £50 on account. On Jan. 15, Brown purchased of Smith £72 5s. 8d. of goods, and paid him £60 on account. On Jan. 31, Smith sent Brown a statement showing the balance owing to Smith, and this Brown paid to him on Feb 1. How much was this balance? Give a copy of Brown's a/c. in Smith's ledger recording the above transactions.

4. Explain the meaning of the word Discount. In what books of a trader do the records of discounts usually appear?

5. Write up a bank a/c. recording the following transactions:—
Dec. 1, 1909, balance at my bank, £3215 14s. 1d. Dec. 2, drew cheque for self, £25. Dec. 4, paid in £9634 received from W. Porter. Dec. 6, drew cheque for T. Kerr, £161 10s. 0d. Dec. 6, E. Milner paid into my bank a/c. £864. Dec. 10, drew cheque for J. Coleman, £10,000. Dec. 15, drew cheque for Black & White, £241 6s. 3d. Dec. 24, drew cheque, £50 for rent, and paid into bank £91 6s. 8d. received from H. Jackson. Dec. 31, drew cheque, £25, for self. Paid into bank £51 received from Duff Bros. Interest allowed on the a/c. by the bank, £18 9s. 3d., and commission charged, £1 2s. 3d. Balance the a/c. and bring down the balance.

6. James Cripps started business as a coal merchant on July 1, 1909, paying (as his capital) to his bankers £250; purchasing, for £50, a horse and van from Timothy Toogood, and 60 tons of coal at 11s. 6d. from the Stiff Colliery Co., Ltd., which were duly delivered. On July 2, he sold 15 cwt. of coal at 1s. per cwt. for cash. On July 3, he sold 12 cwt. of coal at 11d. per cwt. for cash, and 5 tons at 19s. a ton to Miss Graham on credit. He paid the Stiff Colliery Co., Ltd. (by cheque) £25 on account, and drew a cheque for £1 for petty cash. On July 4, he sold 14 cwt. of coal at 1s. 1d. per cwt. for cash, and 2 tons at 19s. 6d. a ton to Mrs. Smith on credit. He received and paid into his bank a cheque from Miss Graham in payment of her a/c., less 10s. allowed for short weight. On July 5, he sold 20 tons of coal at 18s. 6d. a ton to A. Evans, and received from him £10 on account, which he paid into his bank. He sent the Stiff Colliery Co., Ltd., a cheque in settlement of their a/c., less 2½ per cent. discount. On July 6, he paid Timothy Toogood £50 by cheque. Open Ledger A/cs., and post the above transactions direct thereto. Balance the a/cs., and bring down the balances.

THE MIDLAND COUNTIES UNION,

Elementary, 1904.

Exercise No. XXXIII.

James Ramsbottom commenced business on July 1, 1903, with £1000 cash, which he paid into the bank. He took an office and warehouse at a rent of £40 per annum.

His transactions were as follows:—

July	*1.	Bot. office furniture from W. James	-	-	-	£23	10	8
„	1.	Bot. goods from Richard Seed	-	-	-	17	11	6
„	1.	Bot. goods from Thomas Taylor	-	-	-	39	12	8
„	3.	Insured his stock and fittings and paid pre-						
		mium by cheque	-	-	-	0	17	6
„	7.	Sold goods to B. Jenkins	-	-	-	10	6	4
„	7.	Sold goods to Samuel Firth	-	-	-	4	9	6
„	8.	Bot. goods from Joel Gee	-	-	-	13	14	8
„	8.	Sold goods to Edwin Holt	-	-	-	15	19	6
„	11.	Sold goods for cash to Charles Hampson	-	-	-	1	14	9
„	11.	Paid to James Taylor cheque, deducting £1 19s.						
		3d. discount	-	-	-	37	13	0
„	11.	Bot. goods from John Angell	-	-	-	16	17	0
„	11.	Bot. goods for cash from A. Hardman & Co.	-	-	-	14	9	3
„	13.	Sold goods to B. Jenkins	-	-	-	3	19	1
„	15.	Received cash from B. Jenkins, allowing dis-						
		count 5s. 4d.	-	-	-	10	1	0
„	15.	Paid bank	-	-	-	10	1	0
„	18.	Paid travelling expenses	-	-	-	2	5	7
„	18.	Drew from bank for private expenses	-	-	-	5	0	0
„	18.	Paid Richard Seed, deducting discount 8s. 3d.	-	-	-	17	3	3
„	18.	Paid W. James, deducting discount 8d.	-	-	-	23	10	0
„	18.	Drew from bank, cheque	-	-	-	17	3	3
„	18.	Drew from bank, cheque	-	-	-	23	10	0
„	18.	Drew from bank, cheque	-	-	-	13	8	0
„	18.	Paid Joel Gee, deducting discount 6s. 8d.	-	-	-	13	8	0
„	19.	A fire occurred, damaging goods to the extent						
		of £14 10s. 0d., and a claim was sent in to						
		the Central Insurance Co.						
		Stock on hand	-	-	-	44	18	3

7. What is meant by the term Bank Overdraft?

Elementary, 1906.

Exercise No. XXXIV.

Jan.	3.	Sold W. Weaver, tea	-	-	-	-	-	-	£25	0	0
"	4.	Purchased of S. Wilkins, coffee	-	-	-	-	-	-	62	10	0
"	4.	Received cash from J. McKenzie on a/c.	-	-	-	-	-	-	27	0	0
"	6.	Sold to H. Jones, sugar	-	-	-	-	-	-	55	0	0
"	8.	Sold tea for cash	-	-	-	-	-	-	18	10	0
"	8.	Paid into bank	-	-	-	-	-	-	37	0	0
"	11.	Bot. coffee from E. Read	-	-	-	-	-	-	76	5	0
"	13.	Paid cheque to E. Read (discount allowed, £2 10s.)	-	-	-	-	-	-	50	0	0
"	14.	Bot. from C. Cox, tea	-	-	-	-	-	-	74	10	0
"	16.	Paid S. Wilkins by cheque	-	-	-	-	-	-	62	10	0

Exercise No. XXXIV.—Continued.

Jan. 19.	Received cash from W. Weaver (discount, 12s. 6d.)	-	-	-	-	-	-	-	£24 7 6
„ 19.	Received cash from J. McKenzie	-	-	-	-	-	-	-	35 12 0
„ 23.	Paid into bank	-	-	-	-	-	-	-	60 0 0
„ 24.	Bot. from Geo. Swan, sugar	-	-	-	-	-	-	-	45 2 6
„ 24.	Sold to H. Jones, coffee	-	-	-	-	-	-	-	23 0 0
„ 26.	Received cheque from H. Jones (discount, £1 16s. 6d.)	-	-	-	-	-	-	-	76 3 6
„ 31.	Paid wages by cash	-	-	-	-	-	-	-	30 0 0
„ 31.	Paid rent	-	-	-	-	-	-	-	15 0 0
„ 31.	Sundry expenses by cash	-	-	-	-	-	-	-	5 6 0
„ 31.	Stock in hand—Tea, £398 6s. 8d.; coffee, £324 5s. 11d.; sugar, £60 5s.								

Enter the foregoing in the proper books and prepare a Trial Balance, and draw up a P. and L. A/c. and Balance Sheet.

Briefly answer five questions.

1. State what information you should be in a position to readily obtain if your books be properly kept.

2. What do you understand by the following:—T/B., B/S., Dr., Cr.?

3. Explain the object of the Journal.

4. What is the meaning of the following when found on an invoice:—“5 per cent. in 30 days”?

5. Make out an invoice for the following transaction:—G. Cox buys on Dec. 15, 1905, from H. Smith 1296 yds. of shirting @ 4s. 11d. per doz.

6. What do you understand by Bank Charges?

7. What are the assets of a person or company?

THE MIDLAND COUNTIES UNION,
Elementary, 1907.

Exercise No. XXXV.

The assets and liabilities of George Wilkes, iron merchant, on July 1, 1906, were:—Liabilities—H. Jones, £456 6s. 0d.; W. Fletcher, £248 10s. 4d.; J. Horton, £55 7s. 6d.; carriage, £29 8s. 6d.; rent, £25;

Exercise No. XXXV.—Continued.

capital, £1126 13s. 10d. Assets—F. Hickman, £226 8s. 0d.; H. Sankey, £56 10s. 0d.; G. Frost, £429 17s. 8d.; office furniture and fittings, £150; horses and carts, £175; railway waggons, £300; stock, £525; cash at bank, £65; and at office, £13 10s. 6d.

His transactions were as follows:—

July 1.	Paid by cheque for carriage - - - - -	£29 8 6
„ 5.	Sold H. Sankey 5 tons iron @ £9 10s. - - -	47 10 0
„ 7.	Bot. of J. Horton 10 tons iron @ £7 - - -	70 0 0
„ 10.	Received cheque from G. Frost (discount, £2 2s. 6d.) - - - - -	147 17 6
„ 15.	Paid H. Jones by cheque (discount, £3 5s.) - - -	121 15 0
„ 17.	Purchased from H. Jones 10 tons iron @ £6 5s. - - -	62 10 0
„ 20.	Sold horse for cash - - - - -	27 10 0
	Bought new office table for cash - - - - -	7 12 4
„ 22.	Paid into bank - - - - -	20 0 0
	Received cash from F. Hickman - - - - -	52 10 0
„ 24.	Paid by cheque rent for June - - - - -	25 0 0
„ 25.	Received cheque from H. Sankey (discount, £1 17s. 6d) - - - - -	54 12 6
	Paid into bank - - - - -	15 0 0
„ 28.	Sold F. Hickman 15 tons iron @ £7 10s. - - -	112 10 0
„ 31.	Paid wages by cash - - - - -	27 10 0
	Petty cash payments - - - - -	2 9 10
	Carriage a/c. for the month amounted to - - -	15 10 0
	One month's rent due - - - - -	25 0 0
	Stock in hand, value £515.	

Enter through the proper books, prepare Trial Balance, P. and L. A/c., and Balance Sheet.

Briefly answer four questions.

1. What do you understand by I.O.U., C.N., C.O.D., b/f?
2. Give all the meanings you know of the word Dividend.
3. In what way, if any, does a Trial Balance differ from a Balance Sheet?
4. A tradesman is supplied with 1 cwt. of butter @ £5 9s. 8d. per cwt. He returns 13 lbs. which he finds in a damaged condition. Make a copy of the Credit Note which he should receive.
5. Explain the meaning of Insolvent and Composition.
6. If a man owes you £578 and pays a composition of 7s. 6d. in the £, how much would you lose?

THE MIDLAND COUNTIES UNION

Elementary, 1909.

Exercise No. XXXVI.

On June 1, 1908, the books of John Brown showed the following balances:—

Dr.—Cash at bank, £350 12s. 6d.; cash in hand, £10 14s. 3d.; stock-in-trade, £1,003 14s. 8d.; machinery and plant, £250 18s. 9d.; furniture and fittings, £120 12s. 6d.; R. Jevons, £93 16s. 2d.; P. Thomas, £140 17s. 9d. Crs.—S. Tailby, £125 16s. 7d.; R. Adams, £202 10s. 0d.; Capital, £1,643 0s. 0d.

His transactions for the month were as follows:—

June 1.	Bought of S. Tailby, 8 tons of iron, at £6 1s. 3d.		
	per ton - - - - -	£48	10 0
„ 2.	Paid by cheque, S. Tailby - - - - -	122	14 0
	Discount - - - - -	3	2 7
„ 4.	Sold S. Tonks 3 rolls of zinc, at 25s. - - - - -	3	15 0
„ 6.	Sold P. Thomas 10 tons rails, at £14 - - - - -	140	0 0
„ 9.	Received by cheque a/c., R. Jevons - - - - -	91	10 0
	Discount - - - - -	2	6 2
„ 10.	Bought of S. Tailby 150 tons scrap iron, £4 10s.		
	per ton - - - - -	675	0 0
„ 11.	Sold for cash 70 tons castings, £6 15s. per ton - - - - -	472	10 0
	Paid into bank - - - - -	564	0 0
„ 12.	John Brown paid private a/c., W. Gregg, by cheque - - - - -	15	10 0
„ 14.	Received a/c. P. Thomas, cash - - - - -	132	0 0
	Discount - - - - -	3	17 9
	Allowance for defective goods - - - - -	5	0 0
„ 15.	Bought of R. Adams, 80 tons pig iron, £10 per ton	800	0 0
„ 16.	Paid by cash, carriage on pig iron from Adams - - - - -	5	6 8
„ 19.	Paid into bank - - - - -	132	0 0
„ 19.	Paid by cheque, a/c. R. Adams - - - - -	197	8 9
	Discount - - - - -	5	1 3
„ 21.	Sold to R. Jevons 70 tons rails, at £14 10s. per ton	1015	0 0
„ 24.	Paid rent of yard by cheque - - - - -	10	15 0
„ 26.	Received cheque, P. Thomas, and paid into bank	133	0 0
	Prompt cash discount - - - - -	7	0 0
„ 28.	Drew cheque for office use - - - - -	40	0 0

Exercise No. XXXVI.—Continued.

June 28. Paid by cash:—Wages, £18 10s.; trade expenses, £5; carriage, £6; J. Brown private a/c., £15.

„ 30. Stock in hand, £1,142 16s. 8d.

From the foregoing, post the necessary a/cs., and prepare P. and L. A/c. and Balance Sheet at June 30, 1908.

Briefly answer four questions:—

1. What is meant by the terms E. and O.E., B/L, Deed of Assignment, and Consignee?

2. L. Brown paid T. Jones £40 2s. 6d. by cheque. Give the form of cheque.

3. What is the difference between Invoice and Statement of a/c.? Give a form of the latter.

4. What is meant by pro forma Invoice, and under what circumstances is it generally used?

5. What is a Debit Note, and in what does it differ from an Invoice?

6. What is the chief advantage in keeping a Purchase Day-Book and a Sales Day-Book instead of Journalising all purchases and sales?

**THE MIDLAND COUNTIES UNION,
Elementary, 1910.**

Exercise No. XXXVII.

F. Connor's books disclosed the following Assets and Liabilities on June 30, 1909:—

Cash in hand	-	-	-	-	-	-	£74	9	6
Cash at London and City Bank	-	-	-	-	-	-	477	19	2
C. Porter,	Dr.	-	-	-	-	-	35	9	4
H. Willis,	Dr.	-	-	-	-	-	24	17	2
C. W. Harrison,	Dr.	-	-	-	-	-	10	17	3
Stock on hand	-	-	-	-	-	-	500	6	0
J. Berry	-	-	-	-	-	-		£54	17 2
P. White	-	-	-	-	-	-		21	18 0
R. Spencer	-	-	-	-	-	-		14	15 7
Hy. Smithson	-	-	-	-	-	-		64	9 6
Capital	-	-	-	-	-	-		967	18 2
							£1123	18 5	£1123 18 5

Exercise No. XXXVII.—Continued.

Open the books by a Journal entry, enter up and post the following, after which make out a Trial Balance, a P. and L. A/c., and a Balance Sheet, as at July 31, 1909.

1909.

July 1.	Paid cheque to J. Berry in settlement of his a/c.	£53 10 0
„ 3.	Sold goods to D. Kemp - - - - -	67 14 0
„ 3.	Received cash from H. Willis - - - - -	23 18 6
	Allowed discount - - - - -	0 18 8
„ 5.	Paid H. Smithson cheque - - - - -	62 17 3
	Discount - - - - -	1 12 3
„ 7.	Sent C. Porter credit note for goods soiled - - - - -	1 18 6
„ 10.	Purchased from R. Spencer, goods - - - - -	43 19 7
„ 11.	Paid cheque to R. Spencer - - - - -	14 8 0
	Was allowed discount - - - - -	0 7 7
„ 13.	Lent to C. Scotson, cheque - - - - -	25 0 0
„ 14.	C. Porter, paid on a/c. - - - - -	20 0 0
„ 17.	C. W. Harrison, paid in settlement - - - - -	10 10 0
„ 18.	Sold to H. Willis, goods - - - - -	38 19 5
„ 20.	Paid rent - - - - -	25 0 0
„ 21.	C. Porter, bought goods - - - - -	43 17 0
„ 22.	Cash received from D. Kemp - - - - -	50 0 0
„ 22.	Paid into London and City Bank - - - - -	120 0 0
„ 23.	Received cash from C. Porter - - - - -	13 10 10
„ 27.	Sent cheque to R. Spencer - - - - -	41 15 7
	Discount - - - - -	2 4 0
„ 30.	Sales for cash for the month - - - - -	47 10 0
„ 31.	Sundry trade expenses (cash) - - - - -	7 16 0
„ 31.	Wages paid for the month (cash) - - - - -	25 0 0
„ 31.	Stock on hand - - - - -	413 10 0

Briefly answer four questions.

1. Give the meanings of the following:—‰, %, I.O.U., folio, consign.

2. What stamp is required on an I.O.U.?

3. Write out a receipt for £3 14s. 7d. as if F. Connor received it from C. Sharpe on Dec. 30, 1909.

4. It is proposed to charge C. Scotson £1 5s. 0d. for interest on the loan made July 13, in part I. Show the entry you would make to charge him.

5. What is a Balance Sheet?

6. What do you understand by a “crossed cheque”?

THE MIDLAND COUNTIES UNION,

Elementary, 1911.

Exercise No. XXXVIII.

On the 31 May, 1910, the balances in the books of Hy. James were as follows:—

Cash in hand, £22 5/; balance at Cunliffe's Bank, £335 14/; Stock of goods on hand, £177 17/. Accounts owing to him—C. Regan, £18 9/2; K. Snelling, £13 17/4; and H. Watson, £22 9/9. His liabilities were—A. Clarke, £73 14/; J. Spark, £35 5/5; and T. Andrews, £39 10/; the balance being his Capital.

Transactions for June were:—

June 1.	Bought goods from F. Hamer	-	-	-	-	-	£77	5	0
„ 2.	Paid cheque to T. Andrews	-	-	-	-	-	38	10	3
„ 2.	Discount deducted, 2½ %	-	-	-	-	-	0	19	9
„ 3.	Sold goods to S. Dyson	-	-	-	-	-	45	0	0
„ 5.	Paid carriage a/c., cash	-	-	-	-	-	1	14	8
„ 6.	Received cash from C. Regan, allowing balance as discount	-	-	-	-	-	18	0	0
„ 8.	Received cheque from H. Watson	-	-	-	-	-	22	9	9
„ 8.	Sold to H. Watson goods	-	-	-	-	-	48	7	7
„ 11.	Sent credit note to H. Watson for returns	-	-	-	-	-	2	4	6
„ 12.	Sold goods for cash to G. Bell	-	-	-	-	-	14	18	0
„ 12.	Bank charged for cheque book	-	-	-	-	-	0	8	4
„ 13.	Purchased goods from S. Barratt	-	-	-	-	-	54	18	0
„ 15.	Sold goods to T. Andrews	-	-	-	-	-	69	9	0
„ 16.	Sold goods to E. Evans	-	-	-	-	-	23	9	6
„ 18.	K. Snelling paid cash on account	-	-	-	-	-	8	0	0
„ 20.	Paid cheque to J. Spark in settlement	-	-	-	-	-	33	10	0
„ 23.	Received credit note from S. Barratt for damaged goods	-	-	-	-	-	4	17	0
„ 25.	S. Dyson paid his a/c. of £45 by cheque, less 3 % discount	-	-	-	-	-	-	-	-
„ 27.	Paid into Bank	-	-	-	-	-	30	0	0
„ 29.	Paid for stationery, cash	-	-	-	-	-	4	15	7

Exercise No. XXXVIII—Continued.

June 29.	Paid wages by cheque	-	-	-	-	-	-	-	£26	10	0
„ 30.	Bank debited Hy. James' a/c. with commission and postages	-	-	-	-	-	-	-	1	11	5
„ 30.	Goods on hand valued at cost	-	-	-	-	-	-	-	445	9	0

Open the books by means of a Journal entry, enter up the various books of a/c., and post to the Ledger. Balance the Cash Book. Make out a Trial Balance, P. and Loss A/c. and a Balance Sheet at 30 June, 1910.

Four questions only are to be attempted.

1. What is (a) a Statement of A/c. ? (b) A Debit Note ?
2. What a/cs. do you close to the Profit and Loss A/c., and why ?
3. What is Gross Profit ?
4. Briefly explain the use of the Ledger.
5. How does a trader pay a/cs. through a banker. Give a specimen of a form that is used in making such payments.
6. What is Interest, and how is it generally calculated ?

THE MIDLAND COUNTIES UNION,**Elementary, 1912.****Exercise No. XXXIX.**

The following balances appeared in the books of Chas. Marks & Co. on the 1 Feb., 1912:—

Cash in hand, £34 9/5 ; balance at the Midland Bank, £433 17/7 ; Stock, £729. Accounts owing by the Co.—To T. Beck, £54 6/8 ; J. Partington, £117 0/6 ; and T. Carr, £66 17/4. Accounts owing to the Co.—B. Davis, £74 17/7 ; C. Moxon, £90 15/ ; D. Roberts, £24 8/ ; and the surplus represented the Capital of Charles Marks, the proprietor.

Transactions for the month were:—

- | | | | | | | | | | |
|------|----|--|---|---|---|---|---|---|---|
| Feb. | 2. | Sold D. Roberts 3 Motor Cycles with side cars at £75 each, less 20 % | - | - | - | - | - | - | - |
| „ | 3. | Paid J. Partington cheque for his a/c., less 2½ % | - | - | - | - | - | - | - |

Exercise No. XXXIX—Continued.

Feb. 4.	Bought accessories, &c., from T. Beck	-	-	-	-	£27	14	0
„ 4.	Received cheque from D. Roberts	-	-	-	-	15	0	0
„ 5.	C. Moxon paid cheque on a/c.	-	-	-	-	50	0	0
„ 7.	Paid T. Beck by cheque his a/c., less 5 %, total	-	-	-	-	82	0	8
„ 9.	Debited T. Beck for accessories returned	-	-	-	-	3	18	0
„ 11.	Paid cash for Stationery and sundry petty exps.	-	-	-	-	3	16	9
„ 12.	Sold R. Waters 6 A1 Cycles at £10 10/ each, less 40 %	-	-	-	-			
„ 14.	Purchased from J. Partington rims, spokes, tubing, &c.					35	10	0
„ 15.	Sold B. Davis 3 Marvel Cycles at £12 12/ each, less 33½ %, and 1 Motor Cycle £60, less 30 %	-	-	-	-			
„ 18.	Paid F. Carr cheque in settlement of a/c.	-	-	-	-	65	0	0
„ 20.	R. Waters returned 1 Cycle, for which he was credited, and paid cheque for the balance of his a/c.	-	-	-	-			
„ 22.	Bought from the Nonslip Tyre Co. 50 Tyres at 20/ each, less 35 %	-	-	-	-			
„ 23.	Paid for repairs to shop	-	-	-	-	15	18	0
„ 25.	Returned 5 faulty tyres to the Nonslip Tyre Co., and debited them for same	-	-	-	-			
„ 27.	Sold H. Carter 4 Cycles at £8 8/ each net	-	-	-	-	33	12	0
„ 28.	Received from D. Roberts, cheque	-	-	-	-	150	0	0
„ 28.	Paid rent for the month, cash	-	-	-	-	10	0	0
„ 28.	Paid sundry expenses in cash	-	-	-	-	8	17	4
„ 28.	Paid Wages	-	-	-	-	26	5	0
„ 28.	Entered sundry goods sold for cash in shop during month					33	17	7
„ 28.	Value of stock on hand	-	-	-	-	582	6	6

Take out a Trial Balance. Draw up a P. and Loss A/c. and a Balance Sheet on 29 Feb., 1912. All receipts and payments, except where otherwise stated, pass through the Bank.

Four questions only to be attempted.

1. Assuming the cheque paid by D. Roberts, Feb. 28, was dishonoured, what entries would be necessary?
2. What are books of original entry? Name some of them.
3. What is a Trial Balance? How is it formed?
4. What would you do with an item of 8/4 debited in your Pass Book for a Cheque Book?
5. Give the meanings of the following:—Posting; Net; F.O.R.; Overdraft.
6. Show by illustrations three ways of Crossing cheques, and explain them.

THE UNION OF EDUCATIONAL INSTITUTIONS, Elementary, 1913.

Exercise No. XL.

From the following particulars draw up Trial Balance, Profit and Loss A/c., and Balance Sheet, at 31 Jan., 1913.

Assets: 1 Jan., 1913, Cash in hand, £59 17/5; Cash at Lloyd's Bank, £349 7/; Stock on hand, £875. Debtors: P. Owen, £39 17/7; G. Turner, £23 19/; C. Wainwright, £114 4/5.

Liabilities: H. Taylor, £110 5/; J. Sutton, £39 11/9; and F. Topham, £54 8/8. Find G. Swan's Capital.

Jan.	2.	Paid Cheque to H. Taylor in settlement	-	-	-	£104	14	9
,,	3.	Received from C. Wainwright, Cheque	-	-	-	60	0	0
		" " " Cash	-	-	-	25	0	0
,,	3.	Sold to S. Yates, Goods	-	-	-	135	0	0
,,	4.	Bought Goods from G. Turner	-	-	-	57	14	0
,,	7.	Received from Bank, C. Wainwright's Cheque, Dishonoured	-	-	-	60	0	0
,,	8.	Received Cash from P. Owen, in settlement	-	-	-	39	0	0
,,	9.	Sold to P. Owen, Goods,	-	-	-	87	15	0
,,	11.	Paid into Bank	-	-	-	75	0	0
,,	13.	Bought of M. Hill, Goods	-	-	-	37	18	0
,,	15.	Paid Sundry Expenses, Cash	-	-	-	5	14	8
,,	17.	Sold Goods to G. Turner	-	-	-	58	18	9
,,	18.	Paid Cheque to J. Sutton. Discount, £1 11/9	-	-	-	39	11	9
,,	20.	Allowed G. Turner for returns	-	-	-	4	17	6
,,	22.	Paid Railway Co. for Carriage, Cash	-	-	-	2	15	8
,,	25.	Sold A. Coup, Goods	-	-	-	67	8	6
,,	26.	Paid Cash for Coal and Sundries	-	-	-	1	18	8
,,	27.	Drew Cash from Bank for Payments	-	-	-	30	0	0
,,	29.	Paid Wages by Cash	-	-	-	23	10	0
,,	29.	Paid Sundry Expenses, Cash	-	-	-	7	4	9
,,	30.	Received Cheque from S. Yates, less 3½% in settlement of A/c.	-	-	-			
,,	30.	Bank charged for new Cheque Book	-	-	-	0	8	4
,,	31.	Stock on hand	-	-	-	700	0	0

All cheques are passed into the bank as received.

Explain the terms: Drawer, Drawee, Payee, in connection with cheques. What is the counterfoil of a cheque? What use is it? How is the Profit and Loss A/c. prepared, and why? How would you deal with Trade Discounts when invoicing goods? How when entering in the books? What is Gross Profit and Net Profit? Why is it necessary to take Stock at balancing time? How is the stock priced, and why?

THE UNION OF EDUCATIONAL INSTITUTIONS, Intermediate, 1913.

Exercise No. XLI.

The Trial Balance of Pickering and Co., was on 30 Nov., 1912, as follows :—

H. Pickering, Capital	-	-	-	£2500	0	0
T. Coleman,	"	-	-	1500	0	0
C. Ratcliffe	-	-	-	£175	14	8
A. Warren	-	-	-	425	14	4
D. Read	-	-	-	178	19	11
B. Weaver	-	-	-		122	16 0
R. Moorhouse	-	-	-		54	17 1
J. Pyne	-	-	-		38	17 7
Fittings and Fixtures	-	-	-	350	0	0
Stock A/c.	-	-	-	1740	10	0
Purchases	-	-	-	1335	19	6
Sales	-	-	-		2160	16 11
Trade Expenses	-	-	-	68	5	4
Wages	-	-	-	65	10	0
Interest, Discount, and Commission	-	-	-	21	7	6
Bills Receivable	-	-	-	268	18	0
Cash in hand	-	-	-	223	2	4
Cash at Bank	-	-	-	1523	6	0
				£6377	7 7	£6377 7 7

Transactions for December :—

Dec.	2.	D. Read's Acceptance returned unpaid	-	-	-	£150	0	0
"	2.	Paid Agent's expenses on returned Bill	-	-	-	0	3	6
"	4.	Received Cheque from A. Warren	-	-	-	250	0	0
"	4.	Allowed him Discount	-	-	-	0	14	4
"	4.	And his Acceptance at 2 m/d., plus interest and stamp	-	-	-	176	11	2
"	6.	Sold Goods to A. Warren	-	-	-	97	14	0
"	7.	Purchased Goods at Auction Sale, Cash	-	-	-	163	17	6
"	9.	Bank collected B/R	-	-	-	128	18	0
"	10.	Paid B. Weaver, Cheque, less 5%, to settle	-	-	-			
"	11.	Received intimation that C. Ratcliffe had failed, agreed to accept 10/- in the £, and received Cheque for first dividend from Trustee of 5/- in £	-	-	-	43	18	8
"	12.	Lent T. Daniels Cheque for £500, he agreeing to pay £25 for the loan, debited him accordingly	-	-	-	525	0	0
"	13.	Sold Goods to D. Read	-	-	-	135	17	4
"	13.	Received D. Read's Acceptance at 1 m/d with satisfactory security	-	-	-	400	0	0
"	14.	Paid J. Moorhouse Cheque, Discount 17/1	-	-	-	54	17	1

Exercise No. XLI.—*Continued.*

1912.

Dec. 16.	Sent Goods on Consignment to G. Lee, New Zealand at our risk and expense	-	-	-	-	£300	0	0
„ 19.	Paid Freight and Charges, and Insurance (Royal Insurance Co.), to cover cost and charges, per “Empire”	-	-	-	-	24	18	6
„ 21.	Sold portion of Fixtures at half stock value, and received Cash	-	-	-	-	38	10	0
„ 23.	Bought Goods of B. Weaver	-	-	-	-	96	0	0
„ 25.	Received Cheque in settlement from A. Warren	-	-	-	-	92	16	3
„ 28.	Received official report that “Empire” had been wrecked and was a total loss	-	-	-	-			
„ 30.	Paid Wages	-	-	-	-	35	0	0
„ 30.	Sundry Cash Exps. for month	-	-	-	-	14	19	7
„ 31.	Stock on hand	-	-	-	-	1150	0	0

Take out Trial Balance. Then make the following adjustments: Depreciate Balance of Fixtures for 3 months at 10% per annum, Credit partner's 3 months' Interest on Capital at 5% per annum, allow for 3 months' Rent owing at £250 per annum, and divide the profit in proportion to the Capital held by the Partners.

Four questions only to be attempted.

1. What are the uses and advantages of B/E? When may a B/E be stamped after being drawn?
2. What is a “Qualified Acceptance”? Draw up a bill at 1 m/d., dated 1 Jan., 1913, for £57. Drawer John Marks, Manchester, drawee Thomas Homer, Leeds. Show it accepted and qualified as to time and amount.
3. Draw up an A/S from the following data: 15 bales grey cloth, received by Anson and Co., ex S.S. “John Spence,” from Thomas Hardy. Sold 30 June, 1911 at 16/- per piece, there being 40 pieces in each bale. Landing charges, 35/-, Insurance, 34/-, Warehousing and Duty, £24 13/6, Commission, 3 $\frac{3}{4}$ %.
4. Name any ways you know that Capital can be increased or decreased.
5. What do you understand by Departmental A/cs.? Give the ruling of a Departmental Sales Book.
6. If a debt has been written off as bad, and is afterwards recovered, what entries would you make, and why?

ROYAL SOCIETY OF ARTS, Stage 1, 1911.

Exercise No. XLII.

1. Explain the meaning of the following terms and abbreviations :—

Gross profit. Solvency. Drawings. B/E. f.o.r. dis.

2. The cheque set out hereunder was sent to James Colston & Co. by post :—

No. D.39654.

London, *January 20, 1911.*

Lloyds Bank Limited.

Pay Messrs. Colston & Co.....or order

Twenty-eight pounds ten shillings and sixpence.

£28 10/6

Robert Radford & Co.

What are cheques of this kind called ?

How could R. Radford & Co. have made the cheque more difficult to cash in the event of its being stolen ? and explain why.

Who are the payees of the cheque, and who are the drawers ?

5. Sketch the three column Cash Book of George Griffiths, write in it the following particulars, and balance it as on Jan. 7, 1911 :—

Jan. 2. Balance at this date—Cash in hand, £4 18/6 ; cash at the bank, £318 12/10.

„ 3. Drew from Bank for office cash, £30.

„ 4. Paid Great Eastern Ry., in cash, £1 12/6.

Paid P. Jones, cheque, £28 4/1, after deducting £1 15/11 dis.

„ 5. Received from B. Gregory & Co., Ltd., cheque, in settlement of their a/c., less 15/6 dis., which was paid into bank, £49 4/6.

„ 6. Paid from office cash, wages, £8 12/6.

Cashed cheque, £12, for James Brown, a customer, and paid same into bank.

„ 7. Received in cash from B. Bolton, £1 2/6.

Exercise No. XLII—Continued.

4. Henry Holcombe & Co. purchased four bales of Oxford shirtings from Charles Cobourne of Bradford on Feb. 2, 1911, at £16 per bale. On the delivery of these goods, one bale was found to be damaged; it was therefore returned to C. Cobourne on Feb. 4, 1911.

Give the ruling of the books in which H. Holcombe & Co. would record these transactions, and make therein the necessary entries.

5. George Jennings, a trader, upon commencing business, purchased a Cash Book, a Journal, and a Ledger. He gave his clerk instructions that all his cash transactions were to be entered in the Cash Book, and that all his credit sales and purchases were to be passed through the Journal.

If you do not approve of G. Jennings action, what course would you recommend?

6. On Jan. 2, 1911, Charles Bains commenced business by paying his capital of £500 into the Union Bank, Ltd.

His transactions for January were:—

Jan. 3. Purchased cotton goods, on credit, from Paul Burford, £84 10/1.

Purchased silk from W. Walker & Co., on credit, £74 1/10.

„ 4. Purchased from B. Burns, velvet, on credit, £102 gross, less 10 % trade dis.

Drew £10 from bank for Petty Cash purposes.

„ 5. Sold, on credit, to R. Leicester & Co., silk, £62 10/, and velvet, £75 8/.

„ 6. Purchased postage stamps, 5/, and paid them out of Petty Cash.

Paid trade expenses, cheque, £8 6/2.

„ 7. Received from R. Leicester & Co., cheque for amount of their a/c., less 5 % cash discount.

„ 10. Paid salaries, by cheque, £10.

„ 18. Purchased, on credit, from R. Hampton, tweed, £65 8/6.

„ 20. Returned tweed, damaged, £6 10/, to R. Hampton.

„ 21. Paid Paul Burford £50 on account.

Open the necessary ledger a/cs., and post the above transactions therein. Balance the a/cs., and draw a Trial Balance.

ROYAL SOCIETY OF ARTS, Stage 1, 1912.

Exercise No. XLIII.

1. Explain the meaning of the following terms and abbreviations:—

Account current. Credit note. Rebate. F.O.B. C.I.F. A/S

2. How many parties are there to an "order" cheque, and who are they? Is it necessary to stamp a cheque; if so, what is the value of the stamp required, and how does it differ from the stamp necessary for a Bill of Exchange?

3. Prepare a Columnar Petty Cash Book upon the Imprest System, record the undermentioned transactions, and bring down the balance as on Jan. 6, 1912.

1911.

Dec. 31. Cash in hand, £5 3/7.

1912.

Jan. 1. Received the amount necessary to make up the imprest to £10.

„ 2. Bought postage stamps, £1 10/.

Paid carriage on parcel, 3/7.

„ 3. Paid travelling expenses, 11/10.

„ 4. Bought packing materials, £1 3/6.

Bought stationery, 4/8.

„ 5. Paid wages to odd man, 6/.

„ 6. Bought job line of goods for cash from H. Saunders, £1 15/.

4. William Jones received the following letter from his customer, Robert Brown, on Jan. 6, 1912:—

“I beg to advise you that I have this day paid into your a/c. at the Union Bank the sum of £19 in settlement of my a/c. less 5 % discount. Please return for cancellation the 3 months' bill for £20 accepted by me on Dec. 29th, 1911.”

On Jan. 7, 1912, the Union Bank advised William Jones that his a/c. had been credited with £19 as above. Jones therefore returned the bill for £20 to Brown as requested.

Show the entries necessary to record the above transactions in William Jones' books.

5. To what Ledger A/cs., and on which side, would you expect to find the undermentioned transactions posted:—

Drew cheque for weekly wages, £160.

Drew cheque for new printing machine, £650.

Received cheque from R. Robinson, in settlement of his a/c., less 5 % discount, £47 10/.

Exercise No. XLIII—Continued.

6. John Miller commenced business, as a draper, on July 3, 1911, with £250 at the Bank, £3 Cash in hand, and Stock £300. The Stock had not yet been paid for, having been obtained on credit as follows:—

J. Beale & Co., £110; F. Hall & Sons, £60; Thomas Fisher, £90; and Hugh Jones, Ltd., £40. J. Miller also possessed furniture, fixtures and fittings, valued at £70.

Open John Miller's Ledger with these items, and post, through the subsidiary books, to it, his transactions during the first week of July, as follows:—

July 3. Paid cash for stamps 5/, and stationery 6/8.

Purchased from J. Beale & Co., 120 yds. of flannelette at 4/3 per doz. yds., on credit.

„ 4. Purchased from F. Hall & Sons, 600 yds. of shirting (240 yds. at 8/3 per doz. yds., and 360 yds. at 10/9 per doz. yds.), on credit.

„ 5. Bought, for Cash, brown paper and string, 15/.

Banked Cash Sales for the 3 and 4 July, £27 10/.

„ 6. do. do. 5 July, £16 5/.

Paid by cheque, J. Beale & Co., £30 on account.

do. Hugh Jones' a/c., less 2½% dis.

„ 7. Paid by Cash, carriage 13/6.

„ 8. Sold to Miss H. Hayman, on credit, 10 yds. sheeting at 1/5 per yd. 1 doz. reels of cottons for 2/3, 2 pairs curtains at 16/11 per pair.

Received credit note from F. Hall & Sons for 8 yds. shirting at 10/9 per doz. yds., which were damaged in transit and returned to Hall on the 8th inst.

Banked Cash Sales for 6 and 7 July, £32 15/.

Drew and cashed cheque for £10, and paid wages, £7 5/.

Balance the ledger a/cs., bring down the balances, and extract a Trial Balance on July 8, 1911.

ROYAL SOCIETY OF ARTS, Stage 1, 1913.

Exercise No. XLIV.

1. Explain the meanings of the following terms and abbreviations:—
Book Debts. Voucher. Per Cent. R/D. p.a. Net.

2. Briefly explain the uses of the following commercial documents:—
An Invoice. A Statement. A Credit Note.

Give a specimen form of each document (write two entries), assuming that John Johns is a customer of William Walter & Co., Ltd.

3. The following is a statement of a Trader's Credit Sales and Credit Purchases and Returns (Inwards and Outwards). You are required to enter the transactions in the proper books of original entry, and show the totals of each. No posting to Ledger A/cs. to be done.

1913.

- Feb. 3. Bought from F. Grace, 2 doz. Pocket Knives at 4/6 each.
- „ 3. Sold to J. Abel, 1 doz. Photo Frames at 1/ each.
- „ 3. Sold to J. Shrewsbury, 6 doz. Dessert Knives at 20/ per doz., less 5 % Trade Discount.
- „ 3. Received from B. Briggs, 1 case of Carvers 25/, returned damaged.
- „ 4. Bought from G. Mead, 2 doz. Silver Photo Frames at 5/6 each, less 10 % Trade Discount.
- „ 4. Returned to N. Hurst, 1 doz. pairs of Scissors at 18/ per doz., being the wrong size.
- „ 5. Sold to W. Humphreys, $\frac{1}{2}$ doz. Razors at 3/ each, and charged him carriage on same, 6d.
- „ 5. Sold to L. Townsend, 2 cases of Fish Knives and Forks at £2 per case.
- „ 5. Returned to F. Grace, $\frac{1}{2}$ doz. Pocket Knives at 4/6 each, being of poor quality.
- „ 6. Bought from B. Lilley, 2 doz. Glass Match Stands, Silver Mounted, at 6/ each.
- „ 6. J. Abel returned $\frac{1}{2}$ doz. Photo Frames at 1/ each, not ordered.
- „ 7. Sold to J. Hearne, 3 doz. Pocket Knives at 30/ per doz., less 5 % Trade Discount.
- „ 7. Sold to V. Gunn, $\frac{1}{2}$ doz. Glass Match Stands, Silver Mounted, at 8/3 each.
- „ 8. Bought from L. Spooner, 6 cases of Fish Knives and Forks at £3 per case, less 10 % Trade Discount.

4. On Jan. 1, 1913, Middlemiss & Turnbull, of London, sent to S. Macgregor, of Manchester, for acceptance, a Bill of Exchange for £100, dated Jan. 3, 1913, and payable three months after date. S. Macgregor duly

Exercise No. XLIV—*Continued.*

accepted the draft and made it payable at his Bankers, the Staple and Stedfast Banking Co., Ltd., of Stockport.

Show the form of the Bill as it would appear when returned to Middlemiss & Turnbull, and state who is the Drawer and who the Drawee, and give the date when the Bill will mature.

5. A Firm's book-keeper had, during the month of January, 1913, entered Returns Inwards and Outwards in the Purchases Book and Sales Book respectively, and the monthly totals of each had been posted to the Purchases and Sales A/cs. in the Ledger. What entries should be put through the books to rectify these mistakes, assuming that the Returns Inwards for the month amounted to £40, and the Returns Outwards to £30?

6. Charles Ross & Augustus Webb, trading in partnership as Furniture Dealers, had £400 each standing to the credit of their Capital A/cs. on Jan. 1, 1913, in the books of the business. The other balances appearing in the books on this date were:—

<i>Dr. Balances.</i>				<i>Cr. Balances.</i>			
Stock	-	-	£813	Creditors—			
Debtors—				F. Hammond	-	-	£134
F. Larner	-	-	62	L. Yates	-	-	81
N. Sturgess	-	-	49	E. Bridge	-	-	77
Cash at Bank	-	-	113				
Cash in Hand	-	-	10				
Furniture and Fittings	-	-	45				

Open Ross & Webb's Ledger from the above particulars, and post thereto, through the proper books of original entry, the following transactions:—

- Jan. 1. Sold to F. Larner on credit, 6 Windsor Smoking-room Chairs at 18/6 each.
- „ 1. Sold for Cash, 1 Occasional Table for £1 1/.
- „ 2. Bought for Cash, Stationery, £1 5/.
- „ 2. Paid Window Cleaner, 5/ in cash.
- „ 2. Bought of L. Yates, on credit, 1 Walnut Hall Stand, £3.
- „ 3. Received cheques from the following, which were paid into the Bank:—
F. Larner, £50 on account.
N. Sturgess, balance of his A/c., less 5% discount.
- „ 4. Drew and cashed Cheque, £15.
- „ 4. Paid Wages, £7 10/ (including Insurance Stamps) in cash.
Each Partner withdrew £3 10/ in cash for private purposes.
- „ 6. Sold for Cash, 1 Bedroom Suite, £15.
- „ 6. Paid into Bank, £10.
- „ 7. Sent Credit Note to F. Larner for allowance of 6d. each on 6 Windsor Smoking-room Chairs.
- „ 7. Drew cheques for the following:—
F. Hammond, £50 on account.
L. Yates, £30 on account.
E. Bridge, the amount of his A/c., less 5% Discount.
- „ 8. Paid Rent by Cheque, £25.
- „ 8. Paid Gas A/c. by Cash, £7 13/.

Balance the Ledger A/cs., bring down the Balances, and extract a Trial Balance on Jan. 8, 1913.

ROYAL SOCIETY OF ARTS, Stage I., 1914.

Exercise No. XLV.

1. Explain the meaning of the following terms and abbreviations :—

Days of Grace. Bad Debt. Depreciation. Above Par.

P/N. C.O.D.

2. Give one example, and record a few items therein, of each of the following kinds of account :—

1. Personal.

2. Real.

3. Nominal.

3. On 1 Jan., 1914, Henry Cross found that the balance standing to his credit in his Banker's Pass Book amounted to £152 16s. 1d., while the balance at the Bank on that date, according to his Cash Book, amounted to £150 10s. Upon examination he found that a cheque for £25, which he had paid in on 30 Dec., 1913, had not yet been collected and placed to his credit in his Pass Book, and that a cheque for £27 6s. 1d., which he had drawn on 29 Dec., 1913, had not been presented by the Payee for payment. From the above particulars prepare a statement reconciling the two balances, and commonly called a Reconciliation Statement.

4. Rule a columnar Petty Cash Book containing provision for the following headings :—Postage, Telegrams, etc.; Carriage; Office Expenses; Stationery, etc.; Travelling; Salaries and Wages; and Sundries. Record the undermentioned transactions in the Petty Cash Book. Bring down the balance as on 6 Dec., 1913, and enter the amount which should be received from the Cashier to make up the amount of the "Imprest," viz., £20.

1913.

Dec. 1. Received from the Cashier a cheque (which was cashed) for £12 8s. 7d., the amount required to

make up the amount of the "Imprest," viz., £20 0 0

Purchased Stamps - - - - - - 1 10 0

Paid Office Cleaner - - - - - - 0 5 0

Exercise No. XLV.—Continued.

You are required to open the A/cs. in Henry Coulthard's Ledger which is necessary to record the above ; and to post thereto, through the proper books of original entry, the following transactions :—

1914.

Jan. 1. Purchased on credit, from T. Arnold, half-ton of Motor Inner Tubes at £26 per ton.

Received cheque (which was paid into the Bank) from A. Coats for £70, and allowed him the balance of his A/c. as discount.

Sold, for cash, 5 cwt. of ground rubber at £1 17s. 4d. per cwt.

„ 2. Sold, on credit, to B. Vickers, 1 ton of Cab Tyres at 40s. per cwt.

Sold, for cash, half-ton of ground rubber at £23 2s. per ton.

„ 3. Paid T. Arnold, by cheque, the amount of his A/c. as on 31 Dec., 1913, less 10 per cent. discount.

Sold, on credit, to S. Wilcox, 2 tons of 'Bus Tyres at £42 per ton, and received cheque from him for the amount of his A/c. as on 31 Dec., 1913, less 5 per cent. discount.

Drew cheque for £5 for private purposes.

„ 4. B. Vickers returned, as unsuitable, half-cwt. of the rubber invoiced to him on the 2nd inst. Sent him a credit note for same

Sold, for cash, 6 cwt. of Inner Tubes at 38s. 6d. per cwt.

„ 5. Paid in Cash, Wages £10 16s. 4d. (including Insurance Stamps). Paid G. Harrod cheque for £18 on account.

Purchased, on credit, from F. Nelson, 2 tons of Cab Tyres at £41 10s. per ton, including charge for bags.

Paid cash for Sundry Trade Expenses, £9 12s. 4d.

„ 6. Purchased a Weighing Machine for £12 from H. Jackson, and paid him by cheque.

Returned to F. Nelson 20 empty bags, and received credit note from him for 6s. 8d.

Paid into Bank from Cash, £21 9s.

Balance the A/cs., bring down the balances, and take out a Trial Balance as on 6 Jan., 1914.

ROYAL SOCIETY OF ARTS, Stage I., March, 1915.

Exercise No. XLVI.

1. Explain the following terms and abbreviations :—

Returns Inwards.	Returns Outwards.	Endorsement.
D/S.	F.O.B.	P/N.

2. What is the difference between Cash Discount and Trade Discount? How would a merchant treat discounts of each class in his books?

3. Rule a columnar Petty Cash Book, and record therein the following transactions :—

1915.

Jan. 1.	Cash Balance	-	-	-	-	-	-	£10	9	2
	Paid Carriage	-	-	-	-	-	-	0	0	0
	Bought Postage Stamps	-	-	-	-	-	-	1	0	0
	Bought Stationery	-	-	-	-	-	-	0	9	0
	Paid Dec. Telephone A/c. for Trunk Calls	-	-	-	-	-	-	1	0	0
„ 2.	Paid Wages for Casual Labour	-	-	-	-	-	-	0	15	0
	Paid Salaries to Office Staff	-	-	-	-	-	-	3	5	0
	Paid Housekeeper for Cleaning	-	-	-	-	-	-	0	15	0
	Gratuity to Postman	-	-	-	-	-	-	0	5	0
„ 4.	Bought Stationery	-	-	-	-	-	-	2	10	0
	Received from Cashier	-	-	-	-	-	-	5	0	0
	Paid Carriage	-	-	-	-	-	-	0	1	0
	Paid for Telegram	-	-	-	-	-	-	0	1	0
	Bought Ink	-	-	-	-	-	-	0	1	0
„ 5.	Paid Wages for Casual Labour	-	-	-	-	-	-	2	3	0

Balance the Cash Book, and bring down the balance as on 5 Jan., 1915.

4. What books would you advise a trader, who is starting in business to keep, if he explained to you that his transactions would be of the following nature :—

All his purchases and sales would be on credit.

All his payment for goods would be by cheque.

All cheques, money, etc., received by him from customers would be paid into the Bank.

All his expenses would be paid in cash.

Exercise XLVI.—Continued.

5. The following A/cs. are copies of Francis Reed's Cash Book and Bank Pass Book, showing the entries for the last two days in Dec., 1914:—

	Dis.	Cash	Bank		Dis.	Cash	Bank
Dec. 30. To bal. brought forward - ...		5 0 0	100 0 0	Dec. 30. By Carriage - ...		1 0 0	...
„ F. Swift - 2 0 0		...	8 0 0	„ A. Cottage 2 0 0		...	10 0 0
„ H. Harrison ...		...	12 0 0	„ H. Cross - ..		...	16 0 0
„ T. Hare - ...		1 0 0	...	„ A. Alban - ...		...	9 0 0
„ B. Shaw - ...		...	5 0 0	„ 31. „ Wages - ...		3 0 0	...
„ 31. „ Cash per contra - ...		5 0 0	...	„ Cash per contra - ...		...	5 0 0
				„ H. Boys - ...		...	7 0 0
				„ Bal. car'd down - ...		7 0 0	78 0 0
	2 0 0	11 0 0	125 0 0		2 0 0	11 0 0	125 0 0
„ 31. „ bal. brought down - ...		7 0 0	78 0 0				

The Reliable Banking Corpn. in account with Francis Reed.

Br. forward -	£200 0 0	Br. forward -	£100 0 0
Dec. 31. To Cheque	8 0 0	Dec. 30. By Cross - -	16 0 0
„ Do. - -	12 0 0	„ Cottage - -	10 0 0
		„ Self - - -	5 0 0
		„ Bal. cd. ford. -	89 0 0
	£220 0 0		£220 0 0
„ 31 „ bal. br. forward -	89 0 0		

Prepare a statement reconciling the difference between the two balances, usually called a Reconciliation Statement.

Exercise No. XLVI.—Continued.

Malcolm Keeling commenced business as a draper on 1 Jan., 1915 with £400 in the Bank, and Stock worth £200 (for which he owed H. Nuttall £50 and F. Chambers £150), and Fixtures and Fittings of his shop £90.

Open the A/cs. necessary to record the above particulars in his Ledger and post thereto, through the proper books of original entry, the following transactions :—

1915.

- Jan. 1. Drew Cash from Bank to meet incidental expenses, £10.
 Purchased on credit from W. Thackeray, 60 yds. of flannelette at 4s. 6d. per doz. yds.
 Sold on credit to Mrs. Jane Eyre, 12 yds. of calico at 6½d. per yd. ; 6 pairs of lace curtains at 15s. per pair ; 12 reels of cotton at 3d. per reel ; 1 packet of needles 3d.
 Cash Sales, £5 7s. 6d.
- „ 2. Paid Carriage by cash, 3s. 6d.
 Sold Miss B. Sharpe on credit, 6 yds. of flannelette at 6½d. per yd. ; 2 hats at 9s. 11d. each.
 Paid Wages, by cash, £1 5s.
 Cash Sales, £7 12s. 6d.
- „ 4. Purchased on credit from F. Chambers, 6 doz. straw hats at 12s. 6d. per doz.
 Paid cash for stamps, 5s. ; and stationery, 8s. 6d.
 Paid by cheque the amount of H. Nuttall's A/c., less 5 per cent. dis.
 Cash Sales, £7.
- „ 5. Paid into the Bank the amount of the Cash Sales received since the beginning of the year.
 Miss B. Sharpe returned one of the hats sold to her on 2 Jan.
 Received cheque (which was paid into Bank) from Mrs. Jane Eyre for the amount of her A/c., less 2½ per cent. dis.

Balance the Cash Book and the Ledger A/cs. as on 5 Jan., 1915, and extract a Trial Balance.

No Profit and Loss A/c. or Balance Sheet to be given.

ROYAL SOCIETY OF ARTS, Stage I., May, 1915.

Exercise No. XLVII.

1. Explain the following terms and abbreviations:—

Drawing. Voucher. Premium. c.i.f. f.o.r. I.O.U.

2. G. G. Griffiths & Co., Ltd., wish to remit, by cheque upon the Stedfast Banking Co., Ltd., London, the sum of £200 to John Angus Macgregor, who has a Banking A/c. with the Highland and Lowland Bank at Edinburgh. Draw this cheque in a form which will render it difficult for a thief to deal fraudulently with it.

3. Briefly explain the uses of the following commercial documents, as employed by a merchant, and state in which of his books particulars concerning them would be found. —

An Invoice. A Credit Note. A Statement.

4. George Carpenter and Frederick Carver buy from and sell to each other. At the end of every month they have a settlement and each allows the other 5 per cent. discount. On Dec. 31, George Carpenter owed Frederick Carver £60 for goods supplied, and the latter owed George Carpenter £40. You are required to show Frederick Carver's A/c. in George Carpenter's books as on Dec. 31, 1914, assuming that the monthly settlement had taken place.

5. The following Trial Balance was extracted from the books of a firm by their book-keeper. Although the totals of the debit and credit columns agree arithmetically, the Trial Balance is incorrect. You are required to correct and redraft it.

Capital A/c.	-	-	-	-	-	-	£550
Plant and Machinery	-	-	-	-	-	£500	
Stock	-	-	-	-	-	-	250
Sundry Debtors	-	-	-	-	-	200	
Sundry Creditors	-	-	-	-	"	-	300
Sales	-	-	-	-	-	-	1100
Purchases	-	-	-	-	-	700	
Wages	-	-	-	-	-	200	
Goods returned by customers	-	-	-	-	-	-	200
Expenses	-	-	-	-	-	300	
Returns outwards	-	-	-	-	-	100	
Cash in hand	-	-	-	-	-	50	
Bank Overdraft	-	-	-	-	-	350	
						<u>£2400</u>	<u>£2400</u>

Exercise No. XLVII.—Continued.

On 1 Jan., 1915, Bennet Prentice purchased the business of a boot and shoe dealer for £500. The assets acquired consisted of :—Stock, £200 ; Lease, Fixtures, Fittings, and Furniture, £300. He borrowed £400 from his father, Glover Prentice ; and, after paying for the above assets, he had £100 left in the Bank.

Open the A/cs. necessary to record the above particulars in B. Prentice's Ledger ; and post thereto, through the proper subsidiary books the following transactions :—

1915.

Jan. 1. Cash Takings, £2 9s. 6d.

" 2. Purchased on credit from W. Whitaker: 2 doz. pairs of brown, brogue shoes at 8s. 6d. per pair.

Purchased for cash, brown paper, boxes and string (shop exps.), £1 13s.

Sold on credit to B. T. Browne : 1 pair of boots, £1 1s. ; 1 pair of dress shoes, 6s. 6d. ; and 6 pairs of boot laces at 2d. per pair.

Cash Takings, £6 6s. 9d.

" 4. Bought, and paid for by cheque, 6 shop chairs at 10s. 6d. each.

Purchased, on credit, from C. M. Moore & Sons : 1 doz. pairs of ladies' boots at 10s. 6d. per pair ; 1 doz. pairs of children's boots at 5s. 6d. per pair ; 1 doz. pairs of gent.'s spats at 3s. 6d. per pair.

Cash Sales, £2 6s. 3d.

Drew cash for personal use, £3.

" 5. B. T. Browne returned the dress shoes, sold to him on the 2nd, and bought on credit one pair of bedroom slippers, 3s. 6d., and 1 pair of spats, 4s. 6d.

Sold, on credit, to S. A. Field, 1 pair of military marching boots, £1 5s., and 1 pair of puttees, 7s. 6d.

Returned to W. Whitaker, 2 pairs of brown brogue shoes purchased on the 2nd—wrong sizes.

Cash Takings, £6 6s. 4d.

" 6. Paid Wages in cash, £1 9s. 6d.

Paid W. Whitaker's A/c., less $2\frac{1}{2}$ per cent. discount.

B. T. Browne paid his A/c., less 5 per cent. discount, by cheque, which was paid into the Bank.

Cash Takings, £4 1s. 10d.

" 7. Paid cash in hand into Bank, less £5 retained for incidental expenses.

Balance the Cash Book and Ledger as on 7 Jan., 1914, bring down the balances, and extract a Trial Balance.

No Profit and Loss A/c. or Balance Sheet to be given.

LANCASHIRE AND CHESHIRE UNION, Junior, 1912.

Exercise No. XLVIII.

1. Explain the meaning of the following:—

Days of grace. Books of original entry. Fixed assets.

2. Explain what is meant by the "Imprest System" of keeping petty cash. Give a form of ruling suitable for a firm who pay postages and telegrams, travelling exps., and sundry exps. out of petty cash.

3. When closing a manufacturer's books on the 31 Dec., 1911, you are requested to provide for depreciation at 5 % on plant and machinery standing in the books at £2,500, at $7\frac{1}{2}$ % on loose tools and utensils standing at £750, and at 5 % on office furniture standing at £100. Show the combined journal entry necessary to do this.

4. On 31 Dec., 1911, a merchant's cash book showed his balance in bank to be £242 16/8. His pass-book, however, on that date showed a balance to his credit of £310 9/6. On checking the details with his cash book he found that the following cheques issued by him before the 31 Dec. had not been presented:— J. Pickles, £10 8/6; T. Wallis, £52 14/2; and W. Martin, £30 2/4. He also discovered that an amount of £25 12/2 shown by his cash book to have been paid into bank on the 31 Dec. had not been credited to him by the bank until 1 Jan., 1912. Draw up a reconciliation statement.

5. Rule a form of sales day book suitable for a business with four separate departments and enter therein two specimen entries.

6. State what you consider is the order in which the assets of a firm should appear in the balance sheet. Give reasons for your answer.

7. The position of B. Salt on 1 Feb., 1912, was as follows:—

Assets—Cash in hand, £24 3/6; Cash at bank, £312 8/9; Bill Receivable, due Feb. 10, £86 10/; G. Thorp, £21 6/8; W. Stott, £59 5/6; Office furniture, £62 15/; Goods on hand, £522 7/.

Liabilities—J. Firth, £218 9/6; J. Holroyd, £371 3/4.

Exercise No. XLVIII—Continued.

Feb. 1.	Received bill at 2 months from W. Stott in settlement of a/c.	-	-	-	-	-	-	-	-	£59	5	6
„ 2.	Sold goods to E. Evans for cash	-	-	-	-	-	-	-	-	81	6	0
	Paid into bank	-	-	-	-	-	-	-	-	100	0	0
„ 3.	Bought for cheque roll top desk	-	-	-	-	-	-	-	-	5	5	0
„ 6.	Drew cheque for office cash	-	-	-	-	-	-	-	-	20	0	0
	Paid wages and salaries in cash	-	-	-	-	-	-	-	-	18	10	0
„ 9.	Paid bill due 10 inst. into bank	-	-	-	-	-	-	-	-	86	10	0
„ 12.	Bought goods from J. Holroyd	-	-	-	-	-	-	-	-	110	9	8
	Paid J. Firth cheque which with discount settled his a/c.	-	-	-	-	-	-	-	-	207	11	0
„ 14.	Sold goods to G. Thorp	-	-	-	-	-	-	-	-	290	3	4
„ 15.	Gave J. Holroyd a bill	-	-	-	-	-	-	-	-	371	3	4
„ 18.	Received and banked cheque from G. Thorp	-	-	-	-	-	-	-	-	295	18	6
	Allowed discount	-	-	-	-	-	-	-	-	15	11	6
„ 21.	Paid cash, carriage outwards	-	-	-	-	-	-	-	-	3	8	6
„ 25.	Bought goods for cheque	-	-	-	-	-	-	-	-	70	8	6
	Sold goods to W. Stott	-	-	-	-	-	-	-	-	62	12	8
„ 28.	W. Stott returned part of goods invoiced on 25th	-	-	-	-	-	-	-	-	20	6	8
	B. Salt draws cheque for private use	-	-	-	-	-	-	-	-	18	10	0
„ 29.	Charge depreciation Office Furniture	-	-	-	-	-	-	-	-	1	5	0
	Rates and taxes due but not paid	-	-	-	-	-	-	-	-	6	8	6

Make Trial Balance, close the a/cs., bring down the balances, make out Profit and Loss A/c. and Balance Sheet. On 29 Feb., 1912, the stock was £339 19/10.

LANCASHIRE AND CHESHIRE UNION,

Junior, 1913.

Exercise No. XLIX.

1. Explain the meaning of the following:—

Dating forward.

Suspense Account.

Fixed charges.

2. What is a Profit and Loss A/c., how is it made up and from what accounts, and what does the balance represent? How would you deal with the final balance?

3. What do you understand by the term Interim dividend?

4. Journalise the following:—

William Smith, balance due from him irrecoverable, £27 10/.

Depreciation on office furniture, 5% on £50 10/.

Rates and taxes due but not paid, £10 13/4.

Sold for cash, £50, an old machine which stands in the private ledger at £165.

5. What is understood by the terms:—

Fixed assets.

Wasting assets?

6. B. Lindley received from W. Simpson 100 pianos invoiced at £20 each to sell on Simpson's account.

B. Lindley paid freight £100, Insurance £75, Storage £50. He sold them for cash at an average price of £30 each less 5%. Lindley's commission for selling was fixed at £250.

How would Simpson's A/c. appear in Lindley's ledger?

Exercise No. XLIX—Continued.

7. The position of Henry Clay on 31 Jan., 1913, was as follows:—

Assets—Cash in hand, £13 4/7 ; Cash at bank, £287 13/6 ; Bill Receivable, due 22 Feb., £55 ; Joe Watson, £18 14/11 ; Wm. Diver, £48 10/1 ; Office furniture, £34 8/6 ; Goods on hand, £487 15/.

Liabilities—S. Hirst, £175 14/2 ; D. Haynes, £263 5/.

The following are Clay's transactions for February:—

Feb. 1.	Sold goods to Joe Watson	-	-	-	-	£120	2	6
„ 2.	Received bill of exchange at 2 months from Wm. Diver	-	-	-	-	48	10	1
„ 4.	Bought safe for office by cheque	-	-	-	-	10	0	0
„ 7.	Sold goods to P. Gibbs for cash	-	-	-	-	57	10	0
	Paid into bank	-	-	-	-	60	0	0
„ 10.	Drew cheque for office cash	-	-	-	-	30	0	0
	Paid Wages and salaries, cash	-	-	-	-	18	15	6
„ 12.	Bought goods from S. Hirst	-	-	-	-	48	10	6
„ 13.	Paid D. Haynes cheque, which settled his a/c.	-	-	-	-	252	0	0
„ 16.	Received cash from Joe Watson and banked same	-	-	-	-	18	4	0
	Allowed discount	-	-	-	-	0	10	11
„ 19.	Sold Goods to Wm. Diver	-	-	-	-	64	8	7
„ 21.	Gave S. Hirst on account my acceptance for	-	-	-	-	144	4	8
	Paid into bank bill receivable due 22nd inst.	-	-	-	-	55	0	0
„ 24.	Bought goods for cash	-	-	-	-	17	0	0
	Paid rates by cheque	-	-	-	-	10	10	0
	Wm. Diver returned goods	-	-	-	-	12	8	0
„ 28.	H. Clay drew cheque for private use	-	-	-	-	15	10	0
	Charge depreciation office furniture	-	-	-	-	1	8	6
	Carriage due but not paid	-	-	-	-	5	16	9

Make Trial Balance, close the a/cs., bring down the balances, make out P. and Loss A/c. and Balance Sheet. On 28 Feb., 1913, the Stock was valued at £419 4/3.

LANCASHIRE AND CHESHIRE UNION, Junior, 1914.

Exercise No. L.

1. Is the fact that a Trial Balance agrees conclusive evidence that all transactions for the period are correctly entered in the books? Illustrate your answer.

2. What is meant by renewing a bill? A receives a bill of exchange from B for £100, and discounts it with his bankers. On the bill becoming due B requests A to renew it, which A does, adding £2 to the new bill for interest. What entries will be necessary in A's books when the bill is renewed?

3. What do you understand by:—

A composition.

Turnover.

Liquid assets.

4. Show a ruling for a Departmental Sales Book suitable for a business with three departments, in which are sold cotton, woollen, and silk goods respectively. Give three specimen entries.

5. What is the difference between a Sale and a Consignment?

6. In which Ledger A/cs. and on which side of such A/cs. would you find the following transactions? :—

£40 paid for a horse and cart.

£60 received as commission for selling goods received on consignment from Charles Lemur.

£100 lent to Thomas Frost at 5 per cent. interest.

£15 received from the trustee in bankruptcy of Tim Thaw, being a supplementary dividend. Thaw's account had been closed for some years.

Moses Myers' position on 1 Jan., 1914, was as follows:—

Assets—Cash in hand, £12 10/; Cash at Bank, £189 12/8;
Stock-in-trade, £363 15/; Bills Receivable, due 17 Jan.,
£80 10/; due 19 Feb., £48; Alfred Smith, £39 12/6;
Jacob Rose, £18 3/2; Warehouse fixtures, £50.

Liabilities—Shaw & Sons, £86 9/4; Bill Payable, due 12 Jan.,
£65 14/.

Exercise No. L.—Continued.

His transactions for January were as follows :—

1914.

Jan. 1.	Received cheque from Jacob Rose in settlement of his account, and paid same into Bank	-	-	£17	14	0
„ 3.	Sold goods to Alfred Smith	-	-	21	8	0
„ 5.	Received bill of exchange at three months from Alfred Smith on account	-	-	50	0	0
„ 6.	Gave Shaw & Sons bill received from Alfred Smith and cheque for	-	-	50	0	0
	They allowed discount	-	-	34	6	0
		-	-	2	3	0
„ 8.	Drew cheque for cash	-	-	25	0	0
	Bought goods from Abe Worth for cash	-	-	14	2	0
„ 12.	Met bill due this date by cheque	-	-	65	14	0
„ 15.	Sold goods to Jacob Rose	-	-	94	13	0
„ 17.	Bill receivable due this date duly met at Bank	-	-	80	10	0
„ 21.	Paid Warehouse Wages in cash	-	-	14	10	0
	Drew a cheque for household expenses	-	-	12	5	0
„ 24.	Sold goods to Alfred Smith	-	-	82	6	0
„ 25.	Bought goods from Tom Mack	-	-	69	10	0
„ 27.	Alfred Smith returned half the goods sold him on the 24th as being damaged.					
	Gave Tom Mack a two months' bill on account for	-	-	35	0	0
	Paid Gas and Water A/c. in cash	-	-	2	5	0
„ 31.	Charge depreciation of Warehouse fixtures	-	-	0	8	0
	Credit Capital A/c. with interest at 5 per cent. per annum	-	-	2	14	0
	One month's rent of Warehouse due but not paid	-	-	5	8	0

Record the above in the proper books, post to Lodger A/cs., and take out Trial Balance.

From the foregoing, close the A/cs., bring down the balances, and make out P. and L. A/c. and Balance Sheet.

On 31 Jan., 1914, the stock was valued at £337 8/8.

LANCASHIRE AND CHESHIRE UNIONS, Junior, 1915.

Exercise No. LI.

1. Give brief definitions of the following terms :—

Not negotiable. Rebate. Depreciation.

2. Rule a form of Petty Cash Book, kept on the Imprest system, and enter therein the following :—

1915.

Jan. 1.	Received from Cashier	-	-	-	-	-	-	£5	0	0
„ 2.	Carriage	-	-	-	-	-	-	0	15	0
	Telegrams	-	-	-	-	-	-	0	3	2
„ 7.	Postage Stamps	-	-	-	-	-	-	1	0	0
„ 12.	A. B., Railway Fare to Preston	-	-	-	-	-	-	0	4	9
„ 19.	Post Cards (Stamped)	-	-	-	-	-	-	0	4	2
„ 25.	Tram Fares	-	-	-	-	-	-	0	0	8
„ 31.	Received from Cashier amount of Disbursements.									

3. What do you understand by a Bank Reconciliation A/c. ? Prepare one with imaginary figures to illustrate your answer.

4. Smith sells to Brown goods value £500, and the latter pays for them by a Bill of Exchange at 6 months. Smith immediately discounts the Bill with his Bankers at 5 per cent. per annum. What entries are necessary in Smith's books to record these transactions ?

5. Give a ruling of a Bills Receivable Book, enter two bills therein, and show what Ledger A/cs. are affected thereby.

6. On 4 Oct., 1913, A consigns goods costing £150 to X at Quebec. He (A) pays carriage and freight, £20, and insurance, £5. On 11 Dec., 1914, A received from X an account sales showing that the goods had realised £250. From this X deducts expenses, £12, and $7\frac{1}{2}$ per cent. commission, £18 15/, and encloses a sight draft for the balance due to A. Show the Consignment A/c. in A's Ledger.

On 1 Dec., 1914, W. Wood's books showed his position to be as follows :—

Assets—Cash in hand, £24 16/3; Cash at Bank, £153 7/11;
 Stock, £381 9/8; A. Sumner, £32 18/4; B. Snow, £18 15/6;
 Bills Receivable, £251 6/; Motor Van, £250.

Liabilities—J. Coop, £141 3/8; Bills Payable, £171 10/.

Exercise No. LI.—Continued.

His transactions for Dec., 1914, were as follows :—

1914.

Dec. 2.	Bought goods from T. Hick	-	-	-	-	-	£48	6	4
„ 4.	Bill due this day was met by my Bankers	-	-	-	-	-	85	10	0
„ 5.	Sold goods to B. Snow	-	-	-	-	-	36	9	1
„ 6.	Paid Wages and Salaries in cash	-	-	-	-	-	19	15	0
„ 9.	B. Snow settled his A/c., less 5 per cent. dis.	-	-	-	-	-	52	9	4
„ 10.	Gave J. Coop a three months' bill	-	-	-	-	-	141	3	8
	Paid into Bank	-	-	-	-	-	55	0	0
„ 14.	Sold goods to A. Sumner	-	-	-	-	-	24	7	6
„ 15.	Bank credited my A/c. with proceeds of bill due this day	-	-	-	-	-	108	14	0
„ 17.	Credited A. Sumner with overcharge on goods sold 14th	-	-	-	-	-	2	9	0
„ 20.	Paid Rates by cheque	-	-	-	-	-	12	17	6
	Drew cheque for private purposes	-	-	-	-	-	25	0	0
„ 22.	Bought goods from J. Coop	-	-	-	-	-	62	4	2
„ 23.	Received cheque from A. Sumner on account and paid it into Bank	-	-	-	-	-	20	0	0
	Drew cheque for cash	-	-	-	-	-	20	0	0
„ 24.	Gave Christmas Boxes to Staff	-	-	-	-	-	5	0	0
„ 29.	Paid A/c. for petrol, &c., by cheque	-	-	-	-	-	4	18	6
	Sold goods to B. Snow	-	-	-	-	-	81	9	10
„ 31.	Depreciate Motor Van	-	-	-	-	-	2	1	8
	Credit Capital A/c. with interest	-	-	-	-	-	3	6	8

Enter the above in proper books, post to Ledger A/cs., and take out Trial Balance.

From the above prepare Trading and P. & L. A/cs., bring down the balances, and show W. Wood's position on 31 Dec., 1914. Stock on hand at that date was £444 9/1.

THIRD YEAR.

[illegible]

Exercise No. LII—Continued.

2. What is the meaning of Credit Sale, Credit Note, Credit Posting

3. Upon counting your cash in hand on April 4 you find that it is £1 10/9 less than the balance shown by the Cash Book. On April 1 it agreed exactly. Say how you would proceed to find the cause of difference.

4. Explain as fully as possible Trial Balance, stating the object for which it is prepared, and how often it should be taken out.

5. Describe the process of sending out "Customers Statements of A/c." showing how they are prepared and for what purpose they are used.

6. On April 7 Thomas Lewis's cash book is accidentally burnt. He knows that on April 1 he had £3 cash in hand and £20 cash at Bank and the following sources of information are available:—

Counterfoil Receipt Book shows

April 1.	C. Wiggins, cash	-	-	£14	5	0	discount	-	£0	15	0
„ 3.	W. Turner, „	-	-	0	19	6	„	-	0	0	6
„ 5.	R. O. James, „	-	-	9	16	0	„	-	0	10	8

Counterfoil Cheque Book shows

April 1.	Parker Bros., cash	-	-	£6	11	3	discount	-	£0	3	9
„ 3.	Kirkly & Co., „	-	-	4	9	0	„	-	0	4	8
„ 5.	E. H. Hunter „	-	-	22	10	0	„	-	2	10	0

Receipted A/cs. File has receipts given by the following:—

April 2.	Manners & Son, cash	-	-	£1	13	3	discount	-	£0	1	9
„ 4.	W. Hopwood, „	-	-	5	17	0	„	-	0	3	0
„ 6.	R. Fletcher, „	-	-	1	18	0	„	-	0	2	0

Bank Paying-in Book contains memoranda of monies paid into Bank,

April 2. £7.

„ 6. £5 10/.

Wages Book shows wages paid April 7, £5 15/9.

Enter up a new Cash Book commencing April 1, with columns for Discount, Cash and Bank, showing balances at 7 April.

COUNTY COUNCIL OF THE WEST RIDING OF YORKSHIRE, 1912.

Exercise No. LIII.

THIRD YEAR.

1. On 1 April, 1912, Thomas Dorritt lent his son, William Dorritt, £100, and the latter commenced business as a coal merchant. Enter the following transactions of William Dorritt. Prepare Trial Balance, P. and Loss A/c. and Balance Sheet, 30 April, 1912.

April 2.	Bought Office Furniture for cash	-	-	-	£15	0	0
„ 2.	Bought Horse and Cart for cash	-	-	-	32	0	0
„ 2.	Bought of Central Collieries, Ltd., coal	-	-		52	16	8
„ 3.	Sold to T. Barnacle, 25 cwt. of coal at 18/ per ton, and leading 2/6.						
„ 4.	Sold to R. Clennam, coal	-	-	-	2	16	8
„ 6.	Paid wages £1 15/8, and expenses 17/.						
„ 6.	Sold coal for cash	-	-	-	12	16	4
„ 9.	Sold to T. Barnacle, 2 tons 15 cwt. at 22/ per ton.						
„ 10.	Bought of Central Collieries, Ltd., coal	-	-		36	4	7
„ 11.	R. Clennam pays £2 16/, dis. 8d.						
„ 12.	Allowed T. Barnacle dis. 1/ per ton on sales to him.						
„ 12.	T. Barnacle pays net amount owing by him.						
„ 13.	Sold coal for cash	-	-	-	15	12	6
„ 15.	Bought coal for cash	-	-	-	10	0	0
„ 16.	Paid Central Collieries, Ltd., £52 10/, dis. 6/8.						
„ 17.	Sold to R. Rigand, coal	-	-	-	2	14	8
„ 20.	Sold coal for cash	-	-	-	18	14	9
„ 20.	Paid wages, 2 weeks, £3 16/, and exps. £1 5/.						
„ 25.	Bought of Central Collieries, Ltd., coal	-	-		37	4	6
„ 27.	Sold coal for cash	-	-	-	14	18	9

Exercise No. LIII—*Continued.*

April 27.	Sold to R. Rigand, coal	-	-	-	-	-	£0 15 0
„ 30.	Paid office rent and cleaning	-	-	-	-	-	3 3 0
„ 30.	Paid T. Dorritt, 1 month's interest on loan	-	-	-	-	-	0 8 4
„ 30.	Value of Office Furniture, Horse and Cart, as at cost price. Stock of coal on hand, £80.						

2. Describe the uses of the following Books:—Bank Paying-in Book.
Returns-outwards Book. Appro' Book.

3. In the office of a large business-house you are in charge of a Ledger containing a customer's a/c. headed in red ink "Limit £200." On the 1 March, 1912, the customer owes £187 9/6, and the same day you see when posting up the Sales Book an entry of goods £50 sold to him. What would you do?

4. R. Robinson, a trader in Hull, buys goods from J. Smith & Co., Lincoln, £15 2/8, and sells goods to Jones Bros., Lincoln, £19 8/9. Afterwards J. Smith & Co., write asking Robinson to pay or credit £10 to Jones Bros. on Smith's behalf. What entries would you make in Robinson's books.

5. Under what circumstances is it necessary to post full particulars of goods sold in the Ledger?

6. Enter up the following items in Robert West's Cash Book, with columns for Discount, Cash and Bank; balance the Cash and Bank columns on March 31:—

1912.

March 1.	Cash in hand	-	-	-	-	-	£8 14 3
„ 1.	Amount due to Bank	-	-	-	-	-	1356 19 2
„ 3.	Received from Blake Bros. cheque £1487 9/2, dis. £37 5/.						
„ 3.	Cash sales	-	-	-	-	-	26 3 4
„ 4.	Paid to Bank	-	-	-	-	-	1500 0 0
„ 12.	Received from Ellis & Co., Ltd., cash £315 12/8, and cheque £3000, dis. £85 1/4.						
„ 12.	Paid to Bank	-	-	-	-	-	3000 0 0

Exercise No. LIII—*Continued.*

March 15.	Paid cash to Crawley & Sons, Ltd., £290 10/6, dis. £14 5/6.								
„ 18.	Drew cheque for Oakleigh & Co., £835 6/9, dis. £43 11/6.								
„ 24.	Received Rent of Cottage	-	-	-	-	£0	15	0	
„ 24.	Drew cash from Bank	-	-	-	-	180	0	0	
„ 25.	Paid Wages	-	-	-	-	162	19	8	
„ 29.	Withdrew from cash for private use	-	-			80	0	0	
„ 31.	Interest allowed by Bank	-	-	-	-	3	15	0	
„ 31.	Commission charged by Bank	-	-	-	-	1	5	9	

Exercise No. LIV.

FOURTH YEAR.

The following is the financial position of S. Chapman, clothier and outfitter, on Dec. 31, 1911:—

Liabilities.

Crs.:—S. Robins & Co.	-	-	-	-	-	£27	3	2
Westminster Clothing Co., Ltd.	-	-	-	-	-	52	17	8
Bill payable (Gane & Son due 26 Feb.)	-	-	-	-	-	43	9	7
Bank Overdraft	-	-	-	-	-	265	12	11

Assets.

Freehold Property	-	-	-	-	-	£982	15	0
Furniture and fittings	-	-	-	-	-	325	10	0
Stock:—Clothing Dept.	-	-	-	-	-	£357	16	2
Boots „	-	-	-	-	-	221	2	9
Outfitting „	-	-	-	-	-	107	19	4
Stationery, Catalogues, &c.	-					10	0	0

 696 18 3

Exercise No. LIV.—*Continued.*

Drs. :—J. S. Hirst	-	-	-	-	-	£10	13	2
T. B. Johnson	-	-	-	-	-	5	6	0
J. Heath	-	-	-	-	-	7	2	0
							£23	1 2
Cash in hand	-	-	-	-	-	5	0	0

You are required to enter the following transactions for the two months ending Feb. 29, 1912, in the set of books provided, and prepare Trial Balance, close off the books, and prepare Balance Sheet at the above date.

The Returns Book totals are to be deducted from the Day Book totals.

The Credit Sales were as follows :—

- Jan. 3. J. Heath, 1 School Outfit—Clothing Dept., £8 5/; Boots Dept., £3 3/; Outfitting Dept., £2 17/.
- „ 12. J. S. Hirst—1 Lounge Suit, £2 15/; 1 Evening Dress Suit, £5 5/; 1 Overcoat, £1 10/; 2 pairs Boots, £1 5/.
- „ 26. T. B. Johnson—1 Overcoat, £2 10/; 1 Morning Suit, £3 15/.
- Feb. 7. T. B. Johnson—1 Kit Bag (Outfitting), £2 2/; 1 Chauffeur's Livery, £3 3/; 1 Chauffeur's Overcoat, £2.
- „ 29. S. Chapman, Private A/c.—2 Rugs (Outfitting), £3; 1 pair Boots, 16/6; 1 pair Boots, 12/6; 1 Evening Dress Suit, £6 6/.

The Credit Notes sent out were :—

- Jan. 7. J. Heath, 1 suit returned - - - - - £1 5 0
- „ 15. J. S. Hirst, 1 pair Boots returned - - - - - 0 12 6

Invoices received were :—

- Jan. 12. Westminster Clothing Co, Ltd.
- | | | | | | | |
|---------------------------------|---|---|---|-----|-----|-----|
| 50 Grey Suits at 35/6 ea. | - | - | - | £88 | 15 | 0 |
| 20 Golf Jackets at 18/6 ea. | - | - | - | 18 | 10 | 0 |
| 15 Raglan Overcoats at 42/9 ea. | - | - | - | 32 | 1 | 3 |
| Advertising Blocks | - | - | - | 12 | 0 | 0 |
| | | | | | | |
| | | | | | 151 | 6 3 |

Exercise No. LIV.—*Continued.*

Jan. 16. S. Robins & Co.

(O) 6 American Trunks at 27/6 ea.	-	£8	5	0	
(O) 10 Gladstone Bags at 21/ ea.	-	10	10	0	
(O) 7 Leather Suit Cases at 18/3 ea.	-	6	7	9	
Repairs to Furniture	- - -	5	4	2	
New Fittings in Outfitting Dept.	-	10	9	6	
					£40 16 5

Feb. 2. S. Robins & Co.

25 pairs Gents. Boots at 8/5 per pr.	-	10	10	5	
15 pairs Shoes at 7/9 per pr.	- -	5	16	3	
20 pairs Boots at 11/7 per pr.	- -	11	11	8	
New Show Cases	- - - -	16	0	0	
					43 18 4

,, 12. J. Heath, Printing Price Lists, Show

Cards, &c.	- - - - -				15 2 9
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Credit Notes received were:—

Jan. 17. Westminster Clothing Co., Ltd.

10 Lounge Suits returned at 35/6 ea.	- - -	17	15	0	
--------------------------------------	-------	----	----	---	--

Feb. 16. J. Heath, Price Lists damaged in transit - - - 2 7 0

The Cash Receipts were:—

(Items marked B were paid into Bank.)

Jan. 11. T. B. Johnson—

Cheque in settlement of a/c. to Dec. 31, less 2½ % dis.	B.
---	----

,, 13. Cash Sales—

Clothing, £37 7/4; Boots, £12 15/5; Outfitting, £6 8/6.	B.
---	----

,, 19. T. Binney—Quarter's rent of premises sublet, £5.

,, 27. Cash Sales—

Clothing, £42 15/; Boots, £13 7/; Outfitting, £9 10/.	
---	--

,, 31. J. S. Hirst—

Cash in settlement of a/c. to Dec. 31, less 5/6 dis.	
--	--

Feb. 9. T. B. Johnson—

Cheque, £6 2/, in settlement of a/c. to Jan. 31.	B.
--	----

Exercise No. LIV—Continued.**Feb. 10. Cash Sales—**Clothing, £37 2/2 ; Boots, £13 13/4 ; Outfitting, £9 1/4. B.

,, 16. J. Heath—

Cash in settlement of a/c. less contra a/c. Terms—5% dis. on
Bot. Led. A/c., 2½% on Sales Led. A/c.

,, 23. J. S. Hirst—

Cheque in settlement of Jan. a/c. less 2½% dis. B.

,, 24. Cash Sales—

Clothing, £22 4/11 ; Boots, £10 5/8 ; Outfitting, £6 12/5. B.**Payments were :—**Jan. 10. S. Robins & Co.—Cheque in settlement of a/c. to Dec.
31, less 5% dis.,, 10. Westminster Clothing Co., Ltd.—Cheque in settlement
of a/c. to Dec. 31, less 5% dis.

,, 17. Town Council—Cheque for rates and electricity - - £31 10 8

,, 25. S. Withers—Cash for Advertising - - - - 2 15 2

,, 31. Cash for Wages - - - - - 28 15 0

,, 31. Cash for Sundry Repairs - - - - - 3 6 9

Feb. 23. S. Challis—Cash for Repairs - - - - - 3 5 3

,, 25. Advised Bank of Gane's Bill payable 26th.

,, 29. Cash for Wages - - - - - 27 0 0

,, 29. Cash for Sundry Repairs - - - - - 2 2 11

,, 29. S. Chapman—Cash withdrawn - - - - - 20 0 0

The Stock on Feb. 29 was as follows :—

Clothing Dept. - - - - - 406 13 0

Boots ,, - - - - - 212 5 3

Outfitting ,, - - - - - 115 7 9

Stationery, Advertising, &c. - - - - - 25 0 0

Each Department Manager is entitled to a Bonus on his turnover as follows :—

Clothing, 2½%. Boots, 5%. Outfitting, 5%.

At 29 Feb., out of the total wages paid, charge £12 to Clothing Dept. for alterations to garments.

THE UNION OF EDUCATIONAL INSTITUTIONS.

Elementary, 1914.

Exercise No. LV.

On 31 Dec., 1913, F. Brandaur drew up his Trial Balance as follows :—

Capital	...	...	...	...	...	£824 15 0
C. Coulthart,	...	...	...	...	...	£45 18 7
D. Dawber, ...	...	...	...	...	...	75 14 0
F. Foulkes, ...	...	...	...	...	...	85 19 7
Purchases A/c.,	...	...	...	...	...	798 16 0
Sales A/c., ...	...	...	...	...	...	1114 14 6
Stock, Dec. 1, 1913,...	...	...	...	...	650 0 0	
Trade Expenses,	...	...	...	...	...	63 14 8
Wages, ...	...	...	...	...	...	58 10 0
Discount A/c.,	...	...	...	...	...	15 7 5
Cash in hand,	...	...	...	...	...	28 15 6
Cash at Bank,	...	...	...	...	...	319 7 9
						£2040 16 6 £2040 16 6

From the above you are to raise a Profit and Loss A/c. and make out a Balance Sheet, as at 31 Dec., at which date the Stock on hand amounted to £530 10/.

After making out the Balance Sheet, you are required to open the A/cs. by a Journal entry, post to the Ledger, after which enter the following transactions in the various books of account, post to the Ledger, and take out a Trial Balance only. The Cash Book is to be balanced.

1914.

Jan. 1.	Paid cheque to F. Foulkes in settlement	-	-	-	£83 0 0
„ 3.	Sold goods to C. Coulthart	-	-	-	38 11 5
„ 5.	Bought goods for cheque	-	-	-	28 15 0
„ 7.	Received cheque from D. Dawber	-	-	-	73 16 0
	Allowed him discount	-	-	-	1 18 0

Exercise No. LV.—Continued.

Jan. 9.	Bought goods from F. Foulkes	-	-	-	-	£58 12 5
„ 10.	Sold to E. Ethwood, goods	-	•	-	-	25 0 0
„ 12.	Bought goods from G. Gaunt	-	-	-	-	29 15 0
„ 13.	Returned goods to F. Foulkes	-	-	-	-	3 16 0
„ 14.	Received cheque from C. Coulthart	-	-	-	-	10 0 0
„ 15.	Bought and paid cash for Roll Top Desk	-	-	-	-	8 8 0
„ 17.	Paid travelling expenses, cash	-	•	-	-	3 18 8
„ 19.	Sold goods to D. Dawber	-	-	-	-	52 0 0
„ 22.	Paid cheque to F. Foulkes	-	-	-	-	30 0 0
„ 24.	Paid cheque to G. Gaunt, less 5 per cent., in settlement.					
„ 26.	Paid Midland Railway carriage, cash	-	-	-	-	1 11 8
„ 27.	Sold goods for cash	-	-	-	-	35 17 0
„ 28.	Received cash from C. Coulthart	-	-	-	-	10 0 0
	And cheque for the remainder of his A/c. after allowing him 5 per cent.					
„ 30.	Drew cash from Bank	-	-	-	•	15 0 0
„ 31.	Paid Wages for the month, cash	-	-	-	-	48 16 0
„ 31.	Paid Trade Expenses, cash	-	-	-	-	17 14 9

Three questions only to be attempted.

1. Can accounts be properly kept if only the Journal and Ledger are used ? Comment on this method.

2. When goods are returned by you to the seller what form do you generally send with the advice of their return ? Give an example of this form.

3. Name some of the advantages derived by a trader who has a Banking Account.

4. What do you understand by an Order Cheque ? an Open Cheque ? Which do you consider to be safest, and why ?

5. Make out an Order Cheque in favour of E. Box, drawn by Henry Cox, on the Midland and Counties Bank, cross it to Lloyd's Bank. Explain the effect of such a crossing. Date the cheque 10 Jan., 1914, and for £56 13/4.

THE UNION OF EDUCATIONAL INSTITUTIONS.

Intermediate, 1914.

Exercise No. LVI.

(a) John Harrison was in business as a Corn and Provender Merchant. He extracted a Trial Balance on 31 Dec., 1913, as follows:—

Capital	-	-	-	-	-	-	-	£1560	0	0
H. Myers	-	-	-	-	-	-	-	£179	14	6
T. Waugh	-	-	-	-	-	-	-		114	18 0
L. Wise	-	-	-	-	-	-	-		77	16 9
T. Miner	-	-	-	-	-	-	-	69	15	8
L. Bodkin	-	-	-	-	-	-	-	85	14	0
D. Lipton	-	-	-	-	-	-	-		34	5 5
Horses and Carts	-	-	-	-	-	-	-	928	0	0
Fittings and Fixtures	-	-	-	-	-	-	-	218	10	0
Machinery	-	-	-	-	-	-	-	348	10	0
Stock, 1 December	-	-	-	-	-	-	-	895	15	0
Purchases	-	-	-	-	-	-	-	2106	4	0
Sales	-	-	-	-	-	-	-		3096	17 1
Trade Expenses	-	-	-	-	-	-	-	101	17	6
Wages	-	-	-	-	-	-	-	113	15	0
Interest, Discount, Commission	-	-	-	-	-	-	-		25	14 0
Keep of Horses	-	-	-	-	-	-	-	53	16	0
Rates, Rents, and Taxes	-	-	-	-	-	-	-	63	17	9
Bills Payable	-	-	-	-	-	-	-		182	16 9
Cash in hand	-	-	-	-	-	-	-	29	5	6
Bank Overdraft	-	-	-	-	-	-	-		102	6 11
									£5194	14 11
									£5194	14 11

Make out a P. & L. A/c. and Balance Sheet, the stock on hand being valued at £367 13/. The following adjustments are to be made prior to closing the P. & L. A/c.:—Interest at the rate of 5 per cent. per annum to be allowed on Capital, 5 per cent. per annum depreciation on Horses and Carts, and 10 per cent. per annum on both Fittings and Machinery.

(b) From the results of question (a) open the books by a Journal entry, then enter, post the following, and extract Trial Balance.

On 1 Jan., J. Harrison entered into partnership with C. Wilde, under the style of Harrison & Co., and it was mutually agreed that C. Wilde

Exercise No. LVI.—Continued.

was to introduce Capital to the extent of £1,200 made up of 4 Horses valued at £125, a Cutting Machine valued at £120, and cash £955. Each partner to be responsible for his own assets for the first twelve months. Profits to be divided : Harrison 3 parts, and Wilde 2 parts.

1914.

Jan. 1.	C. Wilde paid to Bank	- - - - -	£955	0	0
" 2.	Paid cheque to T. Waugh	- - - - -	54	18	0
	And gave him bill at 2 months, with interest 5 per cent., plus stamp, for balance of his A/c.				
" 3.	Bought Corn and Hay from D. Lipton	- - - - -	113	16	0
" 6.	Sold Wheat, &c., to H. Bodkin,	- - - - -	69	11	0
" 8.	Received acceptance at 3 months from H. Bodkin, with interest, &c.	- - - - -	157	5	10
" 10.	Received cheque from G. Myers in settlement	- - - - -	175	0	0
" 12.	Bank paid B/P	- - - - -	74	16	9
" 14.	Sold old Grinding Machine (stock price, £35). Received cash	- - - - -	40	0	0
" 15.	Bought as Joint Adventure with T. Duval, consignment of Oats and Corn, and paid cheque	- - - - -	1200	0	0
" 17.	Paid Insurance Premium on above to Lion and Unicorn Insurance Co., cash	- - - - -	7	10	
" 19.	Received cheque from T. Duval, his part of purchase risk	- - - - -	600	0	0
	Paid charges on consignment, cheque	- - - - -	15	0	0
" 20.	Two horses died, one valued at £30, the other at £26. The former belonged to C. Wilde, one of the four brought into the business by him.				
" 22.	Sold Hay, Straw, &c., to G. Myers	- - - - -	82	10	0
" 24.	Part of consignment of Oats and Corn destroyed by fire, £830. The balance was sold to H. Bodkin for	- - - - -	450	0	0
" 26.	Bank paid T. Waugh's Bill under Discount (Jan. 2)	- - - - -	60	4	5
" 28.	Sold Wheat and Barley to T. Miner	- - - - -	138	5	6
" 30.	Wages paid by cheque	- - - - -	128	0	0
	Provender used for Horses	- - - - -	61	7	0
	Paid Trade Expenses, cash	- - - - -	43	3	7

1. Show the accounts of the Joint Adventure with T. Duval in the ledger of Harrison & Co. (question b), as they would appear when finally adjusted. 2. In the event of a B/E being undated can the holder insert the date? Give a reason for your answer. 3. If a firm had three departments—Hosiery, Tailoring, and Furs—what books would you suggest should be used so that accurate accounts could be kept to ascertain the profits from each department? What final entries would be necessary? 4. What do you consider to be the proper basis for the valuation of stock on hand? 5. (a) How would you determine a debt as being bad? (b) A provision for Bad and Doubtful Debts is usually made. What would guide you in deciding the amount of such provision, and when should it be made?

THE UNION OF EDUCATIONAL INSTITUTIONS.

Preliminary, 1915.

Exercise No. LVII.

1. Enter the following transactions on page 241 of the Sales Day Book of Joseph Farrar:—

1915.

March 29. Sold Jackson Bros., Glasgow, 20 pairs of blankets at 25/ per pair; 10 pairs horse rugs at 12/ per pair; 2 pieces, 54 yds. each, cloth at 2/ a yd.; per Mid. Ry., carr. ford., terms, $2\frac{1}{2}$ per cent. one mo.

30. Sold C. Young, Coventry, 4 pieces, 60 yds. each, Blue Indigo Serge at 3/6 per yd.; one piece, 64 yds., Coating, at 4/6 per yd.; carr. pd. per L. & N.-W. R., net.

2. Referring to the last question, make out Invoice for Jackson Bros.

3. Enter the following in the Cash Book of J. Farrar, and balance it:—

March 1—Cash in hand, £62 14/8; Cash in Bank, £941 15/1; March 2—Paid cheque to F. Thompson, £126 4/9; March 3—Received from Jackson Bros. on A/c., £40; March 4—Paid Wages, £15 15/; March 5—Received cheque from C. Young, £31 0/6; Paid cheque for goods, £13 2/11; March 6—John Wilson sent me M. O., £4 9/6; March 8—Remitted to F. Thompson by cheque, £84 1/9; Paid into Bank, £100; March 9—Lent to W. Branson, £5 5/; March 10—C. Young paid into J. Farrar's Banking A/c., £24 9/11.

4. Explain how it is possible to keep a Bought Day Book without entering in it full details of the goods bought, and still to be able to refer to the details if required without unnecessary trouble.

5. The following transaction took place between H. Brown and F. Kilner:—

March 1—Brown received goods from Kilner, £51 9/4; March 3—Kilner paid Brown £30, and allowed him discount, £2; March 4—Brown sold goods to Kilner, £48 1/9; March 5—Brown returned goods to Kilner, £8 6/3; Kilner paid Brown cheque for £54 1/9, and allowed discount, £3 1/8.

Prepare Brown's A/c. in Kilner's Ledger and balance it.

6. Journalise the following transactions:—

March 4—Bought goods for cash, £14 8/9; March 5—Sold goods to W. J. Dickson, £84 1/3; March 8—Received from W. J. Dickson, £80, and allowed him discount, £4 1/3; March 9—Bought Desk from H. Hall for cash, £10 10/; March 10—Drew cheque for rent, £10.

THE UNION OF EDUCATIONAL INSTITUTIONS.

Elementary, 1915.

Exercise No. LVIII.

1. On 1 June, 1914, the balances in the books of Stanley Brooke were as follows :—

Dr. Balances—

Stock of Goods	.	.	.	.	.	.	.	£368	4	9
Cash in hand	-	.	.	.	.	.	.	15	6	9
Cash at Bank	-	.	.	.	.	.	.	264	16	6
J. Jackson	.	.	.	.	.	.	.	46	1	1
F. Wilson	-	.	.	.	.	.	.	39	14	11
Office Furniture	-	.	.	.	.	.	.	20	0	0

Cr. Balances—

Lancaster & Son	.	.	.	.	.	.	.	39	15	9
F. Frobisher	-	.	.	.	.	.	.	14	8	3

During the month of June the following transactions took place. All cheques received by Brooke are to be treated as cash :—

1914.

June 2.	Bought goods from Lancaster & Son	-	-	-	£21	16	4
„ 4.	Received cheque from F. Wilson for	-	-	-	39	14	11
	Which was endorsed and sent to Lancaster & Son						
	in discharge of the balance due to them on						
	the 1st June.						
	Discount received Lancaster & Son	-	-	-	0	0	10
„ 5.	Sold goods to F. Wilson	-	-	-	96	18	10
„ 6.	Sold goods to J. Jackson	-	-	-	51	8	2
	And received from him, cash	-	-	-	15	0	0
	„ „ „ „ cheque	-	-	-	31	0	0
	„ „ „ „ allowed him discount	-	-	-	0	1	1
„ 7.	Paid into Bank	-	-	-	50	0	0
„ 8.	Bought goods and paid cheque therefor	-	-	-	24	6	6
„ 9.	Purchased for cheque, new safe	-	-	-	15	0	0
„ 11.	Received from F. Wilson cheque on account, and						
	paid it into Bank	-	-	-	10	0	0
„ 13.	Sold to F. Wilson, goods	-	-	-	49	18	4
„ 14.	Bought from F. Frobisher, goods	-	-	-	76	10	1

Exercise No. LVIII.—Continued.

1914.

June 16.	The cheque received from F. Wilson on the 11th inst. is returned by the Bank dishonoured.								
	Paid Wages out of cash	-	-	-	-	-	£10	10	0
„ 18.	F. Wilson paid me in cash, which is paid into the Bank	-	-	-	-	-	96	0	0
	And allowed him discount	-	-	-	-	-	0	18	10
„ 19.	Withdrew from Bank for Office purposes	-	-	-	-	-	15	0	0
„ 21.	Sold goods for cash	-	-	-	-	-	34	15	1
„ 22.	Paid rent out of cash	-	-	-	-	-	5	0	0
„ 25.	Paid by cheque to F. Frobisher	-	-	-	-	-	86	0	0
	And was allowed discount	-	-	-	-	-	4	18	4
„ 27.	Lent to Willie Hardup out of cash	-	-	-	-	-	20	0	0
„ 30.	Bank interest allowed to Mr. Brooke	-	-	-	-	-	0	16	8

You are required to enter up the usual books, post to the Ledger, and extract a Trial Balance.

2. From the Trial Balance obtained in connection with the last question, make out the usual final A/cs. to show the gross profit and net profit, and prepare the Balance Sheet as on 30 June, 1914. The stock on hand on June 30 was valued at £316 2/4.

Three questions only to be attempted.

3. What is the difference between a credit purchase and a cash purchase ?

4. You sell cloth to T. Williamson, who writes complaining that some of the goods are faulty. You send your traveller to inspect the goods, and he agrees to allow your customer 2/ per piece on 20 pieces. In what book of account would you enter this allowance, and from what document would such book be entered up ?

5. Explain the working of a Petty Cash Book which possesses analysis columns. What is meant by the Imprest System when used in connection with the Petty Cash Book ?

6. Journalise the following transactions :—

Exchanged goods of the value of £30 for Office Furniture of the same value ;

Wrote off as a Bad Debt £24 15/4 due from Willie Hardup.

7. On which side would you expect to find the balance in the following A/cs. :—

Capital A/c. ;

Bank A/c. ;

Discount Received A/c.

THE UNION OF EDUCATIONAL INSTITUTIONS.

Intermediate, 1915.

Exercise No. LIX.

1. The following is the Balance Sheet of A. Adams and B. Bleak trading as The One-and-Only Boot Manufg. Co., on 1 March, 1915:—

Sundry Creditors—		Cash	- - - £5	6	9
F. Franks - -	£761 0 0	Bank - - -		491	14 3
G. Glover - -	684 0 0	Bills Receivable -	140	0	0
Bills Payable - .	400 0 0	Sundry Debtors—			
		C. Clarke - -	268	0	0
Capital A/c.—		D. Donald - -	124	0	0
A. Adams - -	2000 0 0	E. Evers - -	896	0	0
B. Bleak - -	3277 0 0	Stock of Boots,			
		Shoes, &c. - -	2196	19	0
		Plant and Machinery	3000	0	0
	£7122 0 0			£7122	0 0

You are required to open the books of the firm, enter the following transactions in the appropriate books, post to the Ledger, and extract Trial Balance. The Purchase Day Book is to be analysed as follows:—Leather; Uppers; Canvas; Repairs to Plant; Carriage; Stationery. The analysed form of Day Book at the end of the Working Paper is to be used for this Day Book, and not the form beneath the Cash Book.

1915.

March 1. Drew on E. Evers at 2 m/d for £390, and allowed
£10 discount to him.

Sold Boots to D. Donald	-	-	-	-	-	£468	4	9
-------------------------	---	---	---	---	---	------	---	---

2. Received consignment of goods from H. Haley,
New York, for sale on his account and risk.

Pro forma invoice for £600 received.

Paid carriage and freight thereon by cheque	-	26	8	9
---	---	----	---	---

Exercise No. LIX.—Continued.

1915.

March 2. Bought from F. Franks—

[illegible]

And handed to him bill drawn on E. Evers on the
1st inst. in part payment.

3. Received Invoice from G. Glover for—

[illegible]

Sold to C. Clarke, Boots and Shoes	-	-	-	426	8	10
------------------------------------	---	---	---	-----	---	----

Sold to E. Evers, Slippers and Shoes	-	-	-	369	1	2
--------------------------------------	---	---	---	-----	---	---

4.	Paid to G. Glover, cheque for	-	-	-	-	399	18	0
----	-------------------------------	---	---	---	---	-----	----	---

Accepted his draft at 14 days	-	-	-	-	267	0	0
-------------------------------	---	---	---	---	-----	---	---

And was allowed discount	-	-	-	-	-	17	2	0
--------------------------	---	---	---	---	---	----	---	---

5.	Sold to F. Franks, part of goods received on consignment from H. Haley, for	-	-	-	371	0	0
----	---	---	---	---	-----	---	---

Sent A/S to H. Haley—the commission for selling
is 5 per cent., amounting to - - - - 18 11 0

6.	Received from C. Clarke, and paid into Bank	-	264	13	0
----	---	---	-----	----	---

And also allowed him discount	-	-	-	-	3	7	0
-------------------------------	---	---	---	---	---	---	---

Sold Boots to C. Clarke	-	-	-	-	-	426	16	4
-------------------------	---	---	---	---	---	-----	----	---

8. Received Invoice from G. Glover as follows—

[illegible]

Paid Wages to Workpeople by cheque -	-	-	76	8	9
--------------------------------------	---	---	----	---	---

9. Discounted at Bank, Bill given by C. Clarke for £50 (part of the opening item of £140 on B. R.), and was credited with £49 16/.

10. Bill on hand at commencement given by D. Donald for £90 due this date is renewed for three months, Donald agreeing to include in the amount of the new Bill interest at 5 per cent. per annum, and also the stamp duty on the new Bill, which is paid out of Cash. The new Bill is duly drawn and accepted.

Amount of interest	-	-	-	-	-	1	1	6
Stamp duty	-	-	-	-	-	0	1	0
Amount of new Bill	-	-	-	-	-	91	2	6

Exercise No. LIX.—Continued.

1915.

March 11.	Bought Stationery from Shaw & Sons -	-	-	£12	6	9
„ 12.	Paid G. Glover cheque for -	-	-	230	0	0
	And was allowed discount -	-	-	3	10	0
„ 13.	Paid Wages of Workpeople by cheque -	-	-	74	11	3
	Paid Salaries of Office Staff by cheque -	-	-	46	0	0
	Boot Uppers destroyed by Fire to the value of -	-	-	25	0	0

(No insurance has been effected).

2. After preparing Trial Balance, complete the Trading A/c., P. and L. A/c., and Balance Sheet. The stocks on hand are :—

Boots, Shoes, Slippers, &c. -	-	-	-	£2191	0	0
Leather -	-	-	-	22	0	0

It is not essential to pass the closing entries through the Journal, though it may be done if desired.

Two questions only to be attempted.

1. On April 1, you buy goods from Sellers & Co. to the value of £260. They are willing to allow you $1\frac{1}{4}$ per cent. discount for cash, or to take your Bill at 3 m/d without discount. Which method is the most advantageous to you if the Bill can be discounted at 4 per cent. ? What is the monetary difference between the two methods ?

2. On 1 Jan., 1914, you bought goods from Michael Freres, and received his Invoice amounting to 5522 francs. The current rate of exchange on the date of purchase was 25.20. The goods were bought on two months' credit, and at the date on which payment was due, the cheque rate London on Paris was 25.19, and Paris on London 25.22. Would you instruct your creditor to draw on you at sight, or would you purchase a bill and remit ? Show Michael Freres' A/c. in your Ledger.

3. Explain—

Reserve for discounts ;

Bank Reconciliation Statement.

4. In purchasing a business, what would guide you as to the amount you might reasonably pay for Goodwill ?

ROYAL SOCIETY OF ARTS, Stage I, April 1916.

Exercise No. LX.

(THREE HOURS ALLOWED).

1. Explain the following terms and abbreviations:—

Debtor. Creditor. Contra Account. Remittance. F.O.R. C.O.D.

2. George Dickson & Co. keep their Petty Cash Book on the Imprest System. During the week ending Jan. 29th, 1916, the expenditure amounted to £16 9s. 6d., and the balance in hand on that date was £3 10s. 6d. Rule a form of Petty Cash Book showing how the Imprest System operates; enter therein six items of expenditure during the week ending Feb. 5, 1916, and bring down the balance.

3. Why is the stock on hand at the close of a financial period credited to the Trading A/c. for such period, and debited to the Trading A/c. for the next financial period? On which side of the Balance Sheet does the Stock on hand appear, and why?

4. Wood & Cole, London, desire to send a cheque for £1000 to Steel & Co., of Birmingham. The Bankers of the former firm are Swallows Bank, Ltd. The latter firm banks with Perkins & Co., Ltd. Draw the necessary cheque in a form which would render it worthless, except to the payees, in case it should go astray.

5. In what books of original entry should you expect to find the following:—

Goods sold on Credit.

Goods bought on credit.

Goods returned by a credit customer.

Bad Debts written off.

Cash paid for postage stamps.

Cheque drawn for Rent.

Exercise No. LX.—*continued.*

George Fitzjohn, a wholesale and retail boot and shoe dealer, had £584 standing to the credit of his Capital A/c. on Dec. 31, 1915. His assets on the same date consisted of Furniture, Fixtures and Fittings £60, Stock in Trade £410, Debtors £105 (George Watts £46, Thomas Newton £15, and H. Stephenson £44), Cash in hand £20, Cash at Bank £90. His creditors were:—T. Whitworth £66, Maurice Singer £10, and F. Raleigh (for Rent) £25.

Open the accounts which are necessary to record the above particulars in his ledger, and post thereto, through the proper books of original entry, the following transactions:—

1916.

Jan. 1. Sold on credit to H. Stephenson 3 dozen pairs of Gent's. boots at 100s. per dozen pairs; 1 dozen pairs of cycling shoes at 48s. per dozen pairs; 2 dozen pairs of Ladies' shoes at 66s. per dozen pairs.

Paid Rent owing by cheque.

Drew and cashed cheque for £15, and paid wages £9, and self £6 on account of private drawings.

Cash Sales £20 9s. 6d.

„ 3. Received cheque from George Watts for amount owing by him, less $2\frac{1}{2}\%$ discount, and paid same into Bank.

Purchased on credit from Maurice Singer 6 dozen pairs of slippers at 216s per gross pairs, and 12 dozen pairs of Ladies' boots at 8s. 6d. per pair.

H. Stephenson returned as faulty the 1 dozen pairs of cycling shoes sold to him on the 1st inst. Gave him credit for these goods.

Cash Sales £14 3s. 3d.

„ 4. Paid by Cash the following shop expenses:—

Window Cleaning 4s. 6d.

Paper and String 16s.

Boxes £1 18s.

Paid Maurice Singer £10 by cheque, less 5% discount.

Cash Sales £10 8s 3d.

„ 5. Sold on credit to Thomas Newton 1 dozen pairs of Ladies' boots at 11s. per pair.

Bought and paid for by cheque, three shop chairs at 8s. 6d. each.

Cash Sales £6 18s. 6d.

(All "cash sales" were paid into the Bank).

Balance the books as on Jan. 5, 1916, and extract a Trial Balance.

No Profit and Loss A/c. or Balance Sheet is to be given.

ROYAL SOCIETY OF ARTS, Stage I, May 1916.

Exercise No. LXI.

(THREE HOURS ALLOWED).

1. Explain the following terms and abbreviations :—

Rebate. Manifest. Carriage paid. c.i.f. P.N. F.O.B.

2. Prepare the invoice which would be sent by Norman, Saxon & Co., of 592 Poultry, Manchester, to Alfred Winchester, 100 West Place, London, to whom they sold 12 dozen Men's hats at 42/- per dozen. The goods were despatched on Feb. 1, 1916, carriage paid. Terms $2\frac{1}{2}\%$ for cash in one month. Submit also the statement which would be rendered at the end of the month, assuming that the above was the only transaction between the parties.

3. What is a Balance Sheet? Is it a Ledger A/c. ?

4. Journalise the following transactions :—

Accepted Joseph Gold's Bill for £50 at 3 months.

Accepted three Sewing Machines, value £10, in part payment of Ellis & Walker's A/c.

5. Why does the balance of a Bank pass book frequently disagree with the Bank balance as shown by the cash book on the same date? Illustrate your answer.

Exercise No. LXI.—continued.

The following Balances appeared in the books of Madame Mansfield, Milliner, on Dec. 31, 1915:—

DEBITS:—Fittings and Furniture £40, Stock £46, Debtors: Mrs. Brown £10, Mrs. Jones £15, Cash in Hand £5, Cash at Bank £19.

CREDITS:—Loan (S. Everard) £60, Interest due thereon £3, Creditors: Peters & Myers, £27, Hall & Huggins, £10, Rent for December quarter, £15, Profit for the year ending Dec. 31, 1915, £20.

Open the A/cs. necessary to record the above particulars in the ledger, and post thereto through the proper books of original entry, the following:—

1916.

- Jan. 1. Purchased on credit from Hall & Huggins, 6 yds. Tulle, at 2s. 11d. per yd., 12 yds. Velvet at 3s. 11d. per yd.
 Paid Wages £2 19s. in cash.
 Paid District Messenger 2s. 6d. in cash (Debit Trade Expenses).
 Mrs. Brown paid her A/c. by cheque (which was paid into Bank), plus 5% interest—her A/c. being long overdue.
- „ 3. Madame Mansfield paid £100 into her A/c., and drew a cheque for the loan and interest due to Mr. Everard on Dec. 31, 1915.
 Sold on credit to Mrs. Jones two hats, one at £3 3s. and one at £2 12s. 6d.
 Sold three hats for cash at £2 2s. each.
 Bought one dozen hat boxes for cash at 5d. each.
 Paid by cheque Peters & Myers £10 on account.
- „ 4. Paid Rent due by cheque.
 Sold on credit to Mrs. Brown one hat for £3 3s.
 Sold two hats for cash £2 17s. 6d. the two.
 Paid by cheque Hall & Huggins, the amount of their A/c. as on Dec. 31, 1915, less $2\frac{1}{2}\%$ discount.
 Purchased on credit from Peters & Myers, 6 yds. silk at 5s. 6d. per yd.; half dozen Sprays at 4s. 3d. each; 4 yds. Ribbon at 2s. 6d. per yd.
- „ 5. Madame Mansfield drew cash for personal use £2 18s.
- „ 5. Returned, as unsuitable, to Peters & Myers, the half dozen Sprays purchased the previous day.
- Balance the Cash Book and Ledger as on Jan. 5, 1916, and extract a Trial Balance.
- No Profit and Loss A/c. or Balance is to be given.

ROYAL SOCIETY OF ARTS, Stage I, March 1917.

Exercise No. LXII.

(THREE HOURS ALLOWED).

1. Explain the following terms and abbreviations:—

Account Current.

Account Rendered.

Liability.

E. & O. E.

F. A. S.

Net.

2. A. Brown & Co. keep their books on the columnar system. You are required to give the ruling of a Purchase Book suitable for such a system, and to enter therein six items of different natures, in order to show the uses of columnar books.

3. Give the form of an Inland Bill of Exchange for £100 drawn by George Farrar on F. Bennett at three months, and accepted by him on Jan. 1, 1917, payable at the Bloomshire Bank.

4. What is the difference between Cash Discount and Trade Discount?

5. Why has payment by cheque become customary in this country? Contrast the advantages of a cheque with those of a Bank note.

EXERCISE.

On Jan. 1, 1917, A. Stanley commenced business as a coal and coke merchant. On this date he possessed £2 in cash, £50 at the Blank Bank, and £1000 $4\frac{1}{2}\%$ War Loan. In order that he might have a sufficient working capital, he borrowed £750 from the Blank Bank, and lodged the War Loan with them as security. This amount was credited to his A/c. at the Bank, and after obtaining a cheque book, for which his A/c. was charged 4s. 2d. (debit Office Exps.), he drew cheques for the following:—

A. Coper - - £50 for Horse and Cart.

F. Hiscock - - £25 for Office Furniture and Fittings.

Graham & Son - £2 for Stationery, etc. (debit Office Exps.)

Exercise No. LXII.—continued.

In addition to the foregoing the following were his transactions during the first week in January:—

1917.

Jan. 1. Drew and cashed cheque for £10, and paid by cash 5s. for office expenses and 30s for a rug.

Purchased for cash, fodder, etc., £5 10s.

Purchased on credit from the Oak Tree Co., 20 tons of house coal at 29s. per ton, and 20 chaldrons of coke at 20s. per chaldron.

„ 2. Sold H. Brown 2 tons of coal at 35s. per ton, and allowed him 1s. per ton discount on payment on delivery.

„ 3. Purchased on credit from the Kaye Colliery Co., 50 tons of kitchen coal at 24s. per ton delivered.

Sold 5 chaldrons of coke at 23s. per chaldron for cash.

„ 4. Sold on credit to P. Owen, 2 tons of house coal at 34s. 6d. per ton, and 2 tons of kitchen coal at 26s. per ton, and allowed him for half-a-ton of coal dust at 12s. per ton.

Paid the Oak Tree Coal Co., by cheque, the amount of their A/c., less $2\frac{1}{2}\%$ discount.

„ 5. Paid by cheque carriage £3 12s.

Drew a cheque for £5 for private purposes.

Received from P. Owen a cheque in payment of his A/c.

„ 6. Paid Wages by cash, £2 10s.

Paid by cheque the Kaye Colliery Co., £30 on account.

Cash Sales during the week: Coal, £10 5s.; Coke, £4 2s 6d.

All amounts received were paid into the Bank when received, with the exception of the Cash Sales, which were banked at the end of the week.

You are required to open A. Stanley's books, and to post the above transactions, through the proper books of original entry, to the ledger; balance the books as on Jan. 6, 1916, and extract a trial balance.

No Profit and Loss A/c. or Balance Sheet is to be given.

ROYAL SOCIETY OF ARTS, Stage I, May 1917.

Exercise No. LXIII.

(THREE HOURS ALLOWED).

1. Explain the following terms and abbreviations:—

Account Sales.	B/L.
Bill of Sale.	d/s.
Composition.	Par.

2. Give a form of Cash Book suitable for the record of both bank and cash transactions, and enter therein three items on the debit side, and three items on the credit side, in order to demonstrate how such a Cash Book is utilised.

3. Briefly explain the uses of the Journal, and give two examples of entries you would expect to find in this book.

4. R. Riley gave S. Sands a bill for £300 in payment for goods supplied. Give the entries recording the transaction in the books of the former.

5. Explain the meaning and effect of the words "not negotiable" when written across the face of a cheque.

EXERCISE.

On Dec. 31, 1916, the following were H. Smith's Assets and Liabilities.

Assets:—

Cash in hand	...	...	...	£	4	10	0
Cash at bank	...	...	...		146	14	0
Stock ...	...	...	...		367	3	6
Furniture	...	...	...		34	9	2

Debtors:

J. O'Brien	...	...	...		96	10	0
P. Regan	...	...	...		124	3	4

Liabilities:—

Loan and Interest thereon	...				105	0	0
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Creditors:

R. Casey	...	...	...		217	4	9
A. Nolan	...	...	...		14	15	0

Exercise No. LXIII.—*continued.*

Open the A/cs. necessary to record the foregoing particulars in the ledger, and post thereto, through the proper books of original entry, the following transactions:—

1917.

Jan. 1. Bought goods on credit from R. Casey £47 10s., subject to trade discount of 5%, and paid him by cheque £100 on account.

Paid by cheque the interest (£5) on the loan.

„ 2. Paid by cheque A. Nolan's A/c., less 5% discount.

Paid carriage 15s. by cash.

„ 3. Drew and cashed cheque for office purposes, £10.

J. O'Brien paid £100 by cheque, the amount overpaid being sent to him by Money Order, the cost thereof (4d.) being paid by cash and charged to office expenses.

„ 4. Bought stationery, etc. (debit office exps.) value £2 10s. from L. Leader, and paid for same by cheque

Bought for cash £5 an office desk, and sold an old one for 15s.

„ 5. P. Regan paid his A/c., after deducting £5 for goods not up to sample, and 2½% cash discount on the balance.

Bought on credit from A. Nolan, one lot of goods for £7 net and another for £15, less 33⅓% trade discount.

Drew cheque for private purposes £10.

„ 6. Drew and cashed cheque for Wages £7 10s.

Sold on credit to J. O'Brien, goods £37 15s. 6d.

Sold goods for cash £5.

Gave R. Casey a bill at three months for the balance of his A/c.

All amounts received were paid into Bank on the day of receipt.

Balance the cash book and ledger as on Jan. 6, 1917, and extract a trial balance.

No Profit and Loss A/c. or Balance Sheet is to be given.

ROYAL SOCIETY OF ARTS, Stage I, March 1918.

Exercise No. LXIV.

(THREE HOURS ALLOWED).

1. Explain the following terms and abbreviations :—

Trade Discount. Credit Sale. A Firm. C/N. Dft. Exd.

2. What are sales returns? Give a ruling of the book in which they should be recorded and insert three entries therein.

3. What is a dishonoured bill of exchange? Give particulars of such a bill, and submit the entries necessary to record it in the books of the holder.

4. Explain the difference between a Trading A/c. and a Profit and Loss A/c. Give four items you would expect to find in the former A/c., and six items which would appear in the latter.

5. What is the "Bank Rate"?

EXERCISE.

On Jan. 1, 1918, the financial position of W. A. Richardson, a coal merchant, was as follows :—

Assets—

Cash at Bank	...	...	£200	19	0
Cash in hand	...	...	10	14	6
Horses and Carts	...	...	300	0	0
Stock	...	...	120	19	0

Debtors :

R. Jones	...	...	85	8	6
W. Smith	...	...	72	12	0

Liabilities—

Creditors :

P. Patridge	...	...	100	10	0
Midland Colliery Co.			150	3	0

Exercise No. LXIV.—*continued.*

Open the A/cs. necessary to record the foregoing particulars in the ledger, and post thereto, through the proper books of original entry, the undermentioned transactions :—

1918.

Jan. 1. Drew and cashed cheque for petty cash £5.

„ 2. Sold for cash an old cart for £15, and purchased on credit from
P. Peat a new cart for £40.

Bought on credit coal from the Midland Colliery Co., £200.

„ 3. Paid Wages £19 10s 7d. in cash.

„ 4. Sold on credit coal to W. House £25.

„ 7. Paid Midland Colliery Co. for coal purchased on Jan. 2, less
2½% discount, the amount owing on Jan. 1 being in dispute.

„ 8. Sold on credit coal to the Local Co-oper. Society, £180 less 5%
trade discount.

„ 9. Received bill from the Local Co-oper. Society at 3 months for the
amount of their A/c.

„ 10. Paid wages in cash £7 2s. 6d.

„ 11. Sold coal for cash £1 10s.

„ 15. R. Jones paid his A/c. by cheque (which was banked), less £2
allowed him for sacks returned.

„ 16. W. House paid his A/c. by cheque (which was banked), less £1
allowed him for returned sacks, and 2½% discount.

„ 17. Paid P. Partridge the amount of his A/c. by cheque.

Balance the Cash Book and Ledger as on Jan. 17, 1918, and extract a
Trial Balance.

No Profit and Loss A/c. or Balance Sheet is to be given.

ROYAL SOCIETY OF ARTS, Stage I, May 1918.

Exercise No. LXV.

(THREE HOURS ALLOWED).

1. Explain the following terms and abbreviations :—

Sole Trader.	Inc/tax.
Drawings.	F.A.A.
Consignment.	Div.

2. What is the object of preparing a Balance Sheet? Submit a *pro forma* Balance Sheet, and report briefly upon the financial position of the trader to whom it belongs.

3. Should the undermentioned items be entered in the Trading A/c. or in the Profit and Loss A/c. :—

Stock in Hand.	Discount on Purchases.
Carriage on Sales.	Sales Returns.
Expenses of Travellers.	

4. What is the object of crossing a cheque? Give three specimen crossings and state the object of each.

5. What is a "Reconciliation" Statement? Explain how it is prepared and give an illustration.

M. Ravary started business, as a tea merchant, in 1917. On Jan. 1, 1918, his assets and liabilities were as follows :—

Assets :—

Cash at Bank	...	...	£316	10	4
Cash in Hand	...	...	10	2	7
Office Furniture	...	...	100	0	0
Stock of Tea	...	...	185	10	6

Debtor :

H. Dickson	...	...	95	0	7
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Liabilities :—

Loan from R. Smith	...	...	100	0	0
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Creditor :

P. Peach	...	...	78	9	0
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Exercise No. LXV.—continued.

Open the A/cs. necessary to record the foregoing particulars in the ledger, and post thereto, through the proper books of original entry, the following transactions :—

1918.

- Jan. 2. Paid by cheque interest for half-year at 5% due on loan from R. Smith.
- „ 4. Paid wages in cash £7 4s. 6d.
Drew and cashed petty cash cheque £25.
- „ 5. Bought on credit from P. Peach, 40 chests of tea at 80/- per chest, less 10% trade discount.
- „ 8. Sold on credit to H. Dickson, tea, £22.
- „ 9. Bought for cash a second-hand office desk £6 10s.
Sold on credit to W. A. Richardson, tea to the value of £82.
- „ 11. Paid wages in cash £8.
Bought for cash, stationery and string £3 8s. 2d. (charge to Office Exps. A/c.).
- „ 12. H. Dickson returned one chest of tea as damaged. Credited him with 90/-, the value thereof.
- „ 14. Sold on credit to H. Dickson 10 chests of tea at 90/- per chest.
- „ 16. Paid R. Smith by cheque £100 4s. 2d., being repayment of loan with interest to date.
- „ 17. Received a bill at three months from H. Dickson for the amount due from him less $2\frac{1}{2}\%$ discount.
- „ 18. Bought on credit from P. Peach 32 chests of tea at 82/- per chest net.
Paid P. Peach £100 on account by cheque.
- „ 21. Paid in cash, travelling expenses £2 8s. 6d. (charge to Office Exps. A/c.)
Received cheque from W. A. Richardson in payment of his A/c. less $2\frac{1}{2}\%$ discount.
- „ 22. Sold on credit to H. Hartman, tea, £92 4s. 10d.

Balance the Cash Book and Ledger as on Jan. 22, 1918, and extract a Trial Balance.

No Profit and Loss A/c. or Balance Sheet is to be prepared.

ROYAL SOCIETY OF ARTS, Stage I, April 1919.

EXERCISE No. LXVI.

(THREE HOURS ALLOWED).

1. Briefly explain the following terms and abbreviations:—

Assets. A/S. Dock Warrant. d/d. Income. F.O.B.

2. What is a Bill of Exchange? Prepare a Bill of Exchange from the following particulars:—

No. of Bill	...	...	166.
Amount of Bill	...	...	£100.
Date of Drawing	...	...	Feb. 10, 1919.
Tenor of Bill	...	...	Three months.
Drawer and Payee	...	...	F. G. Sterling, Northampton.
Acceptor	...	...	H. P. Gold, Bedford,
Place of payment	...	...	United Kingdom Banking Co., Kettering.

3. From the following list of balances, prepare a Trial Balance, and insert as "Capital" the sum required to balance:—

Sundry Debtors	...	...	...	...	£1,500
Sundry Creditors	...	...	...	...	1,600
Machinery and Plant	...	...	...	...	400
Stock on hand	...	...	...	...	1,000
Cash in hand	...	...	...	...	10
Bank Overdraft	...	...	...	...	90
Loan to X. Y. Z.	...	...	...	...	50
Freehold Buildings	...	...	...	...	500
Bills Payable	...	...	...	...	30
Bills Receivable	...	...	...	...	100

4. How many kinds of Ledger A/cs. are there? Explain the nature of each kind.

5. Henry Wood, Ipswich, despatched on Jan. 16, 1919, to George Steele, Barrow:—

100 gross of Rubber Heels at 4s. 6d. per doz.

100 „ „ „ 5s. 6d. „

per Great Eastern Ry., carriage forward. Payment due Feb. 10, 1919, less 5 per cent. cash discount.

Give the form of Invoice sent with the goods, and the form of Statement sent on Feb. 1, 1919; also show how the statement was receipted when payment of the amount due was made in accordance with the terms of the invoice.

Exercise No. LXVI.—*continued.*

Richard Whittington carried on business as a Silversmith and Cutler, and on Dec. 31, 1918, the following balances, in addition to his Capital, stood in his books.

Cash at Bank £108 6s. 6d., Cash in hand £10 4s. 3d., Stock on hand £357 14s. 7d., Fixtures and Fittings £50, Debtors, viz.:—Henry Gloucester, £62 10s., George Buckingham £31 18s. 3d., Creditors, viz.:—Bedford & Barnes, Ltd. £104 10s., Leyton & Wells, Ltd. £56 3s. 7d.

Open the A/cs. necessary to record the above particulars in the ledger, and post thereto, through the proper books of original entry, the following transactions:—

1919.

Jan. 1. Bought on credit from Bedford & Barnes, Ltd.:—
24 doz. Knives at 2s. 6d. each.

12 „ Pairs of Scissors at 15s. per doz, pairs.

1 „ Strops at 1s. 9d. each.

„ 2. Paid Rent £20 by cheque.

„ 3. Returned as damaged to Bedford & Barnes, Ltd.:—
1 doz. Strops at 1s 9d. each, bought on the 1st.

„ 4. Received cheque, which was paid into Bank, from Henry Gloucester for the amount of his A/c. on Dec. 31, 1918, less 5 per cent discount.

Sold on credit to Norman York:—

1 Case of Fish Servers at 23s. 4d.

1 Set of Entrée Dishes at £15.

1 Silver Waiter at 30s.

Sold on credit to George Buckingham:—

1 doz. Pairs of Scissors at 1s. 9d. per pair.

$\frac{1}{2}$ „ Razors at 3s. 6d. each.

1 „ Knives at 32s. per doz.

1 „ Forks at 28s. per doz.

Paid Wages in cash, £6 5s.

Cash Sales, Jan. 1 to 4, £93 14s.

„ 6. Bought on credit from Bedford & Barnes, Ltd.:—

6 Cases of Razors at 30s. per case.

6 doz. Knives at 25s. per doz.

6 „ Forks at 20s. per doz.

Paid cash into Bank, £50.

Received cash from Norman York in settlement of his A/c., less 5 per cent discount.

„ 9. Bought packing materials for cash, £2 13s. 3d.

„ 11. Paid Bedford & Barnes, Ltd., by cheque the amount due to them on this date, less $2\frac{1}{2}$ per cent discount.

Paid Wages in cash, £5 19s.

Cash sales, Jan. 6 to 11, £134 3s. 4d.

Paid cash into Bank, £160.

Balance the Cash Book and Ledger as on Jan. 11, 1919, and extract a Trial Balance.

No Profit and Loss A/c. or Balance Sheet is to be given.

ROYAL SOCIETY OF ARTS, Stage I, May, 1919.

Exercise No. LXVII.

(THREE HOURS ALLOWED).

1. Briefly explain the following terms and abbreviations :—

Bad Debts.	c.i.f.
Imprest.	E. & O.E.
Payee.	C.O.D.

2. What is a Reconciliation Statement, and with what object is it prepared? Illustrate your answer by employing the following particulars :—

Cash at Bank as per Bank Pass Book on Dec. 31, 1918	-	£100
" " Cash Book "	-	£110
Cheques drawn prior to Dec. 31, 1918, not in Bank		
Pass Book - - - - -		£20
Cheques paid in prior to Dec. 31, 1918, not in Bank		
Pass Book - - - - -		£30

3. The following is a copy of F. Hamilton's A/c. in L. Maxwell's ledger :—

Dr.		F. HAMILTON.		Cr.	
1918		1918			
Dec. 1	To Balance	£28 0 0	Dec. 10	By Cash	£27 6 0
2	" Goods	10 0 0	" "	Discount	0 14 0
14	" "	6 0 0	" "	Returns	7 0 0
27	" "	14 0 0	31	" Bill Receivable	15 0 0
" "	" Carriage on		" "	" Bal. c/down	9 0 0
" "	Goods	1 0 0			
		<u>£59 0 0</u>			<u>£59 0 0</u>
1918					
Dec. 31		To Bal. b/down	£9 0 0		

Show the entries which Hamilton would make in his books to record his transactions with Maxwell, giving the latter's A/c. as it would appear in Hamilton's ledger.

4. Name a few circumstances which would entitle a trader to return goods purchased by him to the seller. How are goods so returned treated in the books of the purchaser, and in the books of the seller?

5. State what A/cs. would be debited and credited in G. Robertson's books for the following transactions :—

Sent Marston & Younger a cheque for £1 3s. 2d. for discount over-deducted when paying their A/c.

Received a cheque for £10 from the Official Receiver on account of a debt which had previously been written off as a bad debt.

The Oise and Marne Trading Co., Ltd., being unable to pay its debts, gave G. Robertson £100 Debenture Stock in settlement of his A/c. of £80. The Debenture Stock was subsequently sold by G. Robertson for £60.

Exercise No. LXVII.—continued.

A. Goodchild commenced business as a Manufacturing Costumier on Jan. 1, 1919, with £500 in the Bank. He had installed sewing machines, valued £60, purchased from the Sterne Manufacturing Co., for which he had given a three month's Bill dated Jan. 1, 1919. He possessed stock amounting to £180, which he purchased on Dec. 31, 1918, from Sharp, Spencer & Co., and had not paid for.

Open his ledger as on Jan. 1, 1919, with the above particulars, and post thereto through the proper books of original entry the following transactions:—

1919.

- Jan. 1. Drew and cashed cheque for £20 for office cash.
 Paid cash, £1 15s. for carriage on sewing machines.
 Bought, on credit, 100 yards of serge at 15s. 6d. per yard from Brown & Co.
- „ 2. Bought, on credit, 70 gross of buttons at 10s. 6d. per gross, from A. Cillini & Co.
 Paid, in cash, £8 15s., makers' wages.
 Sold, on credit, to Hislop, Toone & Co., 1 doz. ladies' costumes, at £4 15s. each.
- „ 3. Purchased, by cheque, from Johnson & Jonson, packing materials amounting to £15.
 Purchased, by cheque, from the Town Furnishing Co., sundry fixtures and fittings for £70.
- „ 4. Paid Sharp, Spencer & Co., by cheque, the amount of their A/c., less $2\frac{1}{2}$ per cent, discount.
- „ 6. Sold, on credit, to M. Hyams, 3 doz. ladies' costumes, at £5 5s. each.
 Paid, by cash, makers' wages, £3 15s.
- „ 7. Drew and cashed cheque for £20, to replenish office cash.
 Hislop, Toone & Co. paid their account, less 5 per cent. discount, by cheque which was paid into Bank.
- „ 8. Purchased, by cheque, from the Hervey Engineering Co., 1 cutting machine for £45.
 M. Hyams returned as faulty 6 ladies' costumes sold him on the 6th inst.

Balance the Cash Book and Ledger as on Jan. 8, 1919, and extract a Trial Balance.

No Profit and Loss A/c. or Balance Sheet is required.

ROYAL SOCIETY OF ARTS, Stage I, May, 1920.

Exercise No. LXVIII.

1. Briefly explain the following terms and abbreviations :—

Cash Discount.	Real A/C.	Par.
Cum. div.	m/s.	Ltd.

2. What is a cheque ? Give a specimen form of a cheque for £10 5s. 6d.

3. Rule the form of a Cash Book and enter therein the following items :—

1920. Jan. 1—Balance at Bank £235 6s. 2d. ; Balance of cash in hand £86 4s. 10d. Jan. 2—Paid Wages in cash £17 6s. 5d. Jan. 3—Paid into Bank cheque received from Smith & Sons in settlement of their a/c. of £65 10s., they deducting 5 per cent. discount from this amount. Jan. 4—Paid Wm. Robinson, by cheque the amount due to him £76 6s. 8d., less 5 per cent. discount which was deducted. Jan. 5—P. Peters paid through the Bank the Bill receivable due this day £100. Jan. 6—Paid by cheque £56 Rent due 25 Dec. 1919. Jan. 8—Sold an old table for 15s. in cash : Paid into Bank all cash in hand with the exception of £10.

Balance the cash book as on 8 Jan. 1920.

4. Explain the objects and methods of using a Bills Receivable Book. Submit a suitable ruling for such a book and insert two specimen entries.

5. State which of the undermentioned items you would enter in the Trading A/c., and which in the Profit and Loss A/c.

- | | |
|-----------------------|----------------------------------|
| 1. Sales. | 4. Workmen's Wages. |
| 2. Purchases returns. | 5. Travelling Expenses. |
| 3. Office Salaries. | 6. Stock on hand at end of year. |

George Waud started business on 1st Jan. 1920, as a General Dealer. On that date the state of his affairs was as follows :—

Cash in Hand, £15 17s. 0d. Cash at Bank, £327 8s. 10d. Stock on Hand, £258 10s. 6d. Furniture and Fittings, £94. Sundry Debtors : H. Dickson, £18 10s. 0d. ; M. Ravary, £39 17s. 6d. ; H. V. Machin, £26 18s. 4d. Sundry Creditors : H. Hadley, £12 4s. 8d. ; M. Melody, £21 4s. 6d.

Exercise No. LXVIII.—*continued.*

Open the a/cs. necessary to record the above particulars in the ledger, and post thereto, through the proper books of original entry, the following transactions :—

1920.

- Jan. 1. Drew and cashed cheque for office purposes, £40.
- „ 2. Sold to M. Ravary on credit, 4 rolls serge at £15 10s. 6d. per roll, less 10% trade discount.
- „ 3. Paid wages, in cash, £6 7s. 6d.
Bought, on credit, from H. Hadley, 50 oilskin coats at £1 11s. 6d. each.
- „ 5. H. Dickson paid, by cheque, the amount of his a/c., less 5% discount. Paid cheque into Bank.
- „ 6. Paid by cheque, the amount owing to M. Melody.
Cash sales for week, £32 8s. 6d.
- „ 8. Bought, for cash, 16 overcoats at £2 2s. 0d. each.
- „ 9. Accepted a bill of exchange, drawn by H. Hadley, for the amount of his a/c.
Drew and cashed cheque for office purposes, £20.
- „ 10. Purchased, for cash, new office desk, £12 10s. 0d.
Paid in cash, wages £7 10s. 0d., and office expenses £1 8s. 7d.
- „ 12. M. Ravary paid, by cheque, £25 on account. Paid cheque into bank.
- „ 14. Cash sales for week, £42 10s. 8d.
Balance the Cash Book and Ledger on 14 Jan. 1920, and extract a Trial Balance.
No Profit and Loss A/c. or Bal. Sheet required.

ROYAL SOCIETY OF ARTS, Stage I, March, 1921.

Exercise No. LXIX.

1. Explain the following terms and abbreviations :—

Capital A/c.

Ex. div.

Posting.

stg.

Returns Inward.

chq.

2. John Davidson received a Bill of Exchange from Robert Leigh in discharge of a debt of £50. Explain what Davidson would probably do with this Bill when it fell due and give the entries he would make in his books.

3. Briefly explain how you would extract a Trial Balance from a set of books kept on the double-entry principle.

4. What different kinds of Journal would be kept by a Trader who purchased and sold goods on credit? Briefly describe the uses of each Journal you name.

5. Explain the meaning of the terms (a) Tenor, (b) Days of Grace, and (c) Accepted, as applied to Bills of Exchange.

EXERCISE.

E. Burnett commenced business on 1 Jan. 1921, as a dry goods merchant. On that date he paid £1,000 into the London Joint City & Mid. Bank. His stock in hand consisted of ten rolls of Tweed, which cost £28 per roll, purchased in Dec. on credit, from G. Notcut & Sons, but not yet paid for.

Exercise No. LXIX.—*continued.*

Burnett's transactions for the month of Jan. 1921, were as follows :—

Jan. 1. Drew and cashed cheque for £10 for Petty Cash.

„ 1. Purchased, out of Petty Cash, stamps 10s. and stationery
£1 10s. 0d.

„ 3. Purchased, on credit, from Chatenay & Co., Velvet £92, less
10% trade discount.

„ 4. Sold, on credit, to Geo. Dickson, 3 rolls Tweed, at £34 per roll.

„ 5. Paid wages, from Petty Cash, £7 10s. 0d.

„ 6. Sold for cash, 5 yds. of Tweed, at 20s. per yd., and paid into
Petty Cash.

„ 7. Received cheque (which was paid into Bank) from Geo. Dickson
for the amount of his a/c., less 5% cash discount.

„ 8. Paid by cheque G. Notcut & Sons their a/c., less 5% cash discount.

„ 10. Returned to Chatenay & Co., Velvet value £12, damaged.

„ 11. Drew and cashed cheque for £10 for Petty Cash.

„ 12. Paid wages from Petty Cash, £8 15s. 0d.

„ 13. Paid carriage from Petty Cash, £1 2s. 6d.

„ 14. Purchased on credit from D. Barton, Tweed £64 8s. 6d.

„ 15. Sold, on credit, to R. Alexander & Co., Tweed £28 9s. 0d.

Open the Ledger A/cs. and post the above transactions thereto, through the proper subsidiary books. Balance the Ledger, bring down the balances and extract a Trial Balance as on 15 Jan. 1921.

No Profit and Loss A/c. or Bal. Sheet to be prepared.

ROYAL SOCIETY OF ARTS, Stage I, April, 1922.

Exercise No. LXX.

1. Briefly explain the following terms and abbreviations :—

Trade Discount.

f.o.r.

Drawings.

Nominal A/c.

p.a.

A/S.

2. On 1 Jan. 1922, the position of G. M'Arthur was as follows :—Stock on hand £1,468 4s. 6d. Loan from G. Smith £500. Cash at Bank £372 10s. Bill payable £100. Furniture and Fittings £484 18s. 6d. Owing by Debtors £1,142 4s. 9d. Cash in hand £72 4s. 9d. Owing to Creditors £964 10s. 4d. Investment in War Loan £300.

What was the amount of M'Arthur's capital on 1 Jan. 1922.

3. On 1 Feb. 1922, C. Shea, Spencer House, London, drew a bill on K. Douglas, Friar Gate, Nottingham, for £306 4s. payable in three months.

Draw the bill and give the due date.

4. On which side of the ledger, and why, should you expect to find the balance of the following a/c's.

Bank Interest and charges.

Discount A/c.

Stock on hand.

5. A. B. who is about to open business premises, informs you that he intends "to open a current a/c. with a bank."

What is the meaning of A. B.'s remark, and what advantages will he gain ?

Exercise No. LXX.—continued.

S. Gold commenced business as a wholesale draper, on 1 Jan. 1922. His financial position on that date was as follows:—

Cash at bank £512. Cash in hand £82. Furniture and Fittings, £372. Stock on hand, £985. Debtor, D. Perkins, £78. Creditor, A. Barbier, £308.

Open the necessary a/cs. in the ledger to record the above particulars, and post thereto, through the proper subsidiary books, the following transactions:—

1922.

Jan. 2. Purchased, on credit, from D. Dennison:—

3 doz. scarves at 5s. 11d. each.

1 gross trimmings at 4s. 6d. per doz. less 10% trade discount.

„ 4. Drew, and cashed, cheque, £50, for office cash.

„ 4. Returned, to D. Dennison, 6 scarves as faded.

„ 6. Paid, in cash, salaries and wages £32.

„ 6. Paid, by cheque, £200, on account to A. Barbier.

„ 8. Purchased, for cash, job lot of 20 costumes at £2 2s. each.

„ 10. Sold, on credit, to D. Perkins, 50 costumes at £2 12s. 6d. each.

„ 13. Paid, in cash, office salaries and wages, £34.

„ 14. Cash sales to date, £87. Paid into office cash.

„ 16. Paid, in cash, packing materials, £49; railway carriage £12 4s. 6d.

„ 17. D. Perkins sent cheque in settlement of his a/c., less 5% cash dis.

„ 20. Purchased, by cheque, new show case £75.

„ 22. Paid D. Dennison the amount of his a/c. less 5% cash dis.

Balance the Ledger and Cash Book as on 22 Jan. 1922, and extract a Trial Balance.

No Profit and Loss A/c. or Bal. Sheet to be prepared.

ROYAL SOCIETY OF ARTS, Stage I, May, 1923.

Exercise No. LXXI.

(THREE HOURS ALLOWED.)

1. Explain briefly the following terms and abbreviations :—

Account Sales.	Interest on Capital.	Agent.
L/C.	On a/c.	C.O.D.

2. State how you would record the purchases in a business where there were three departments. Give a ruling of the Purchases Returns Book you would recommend and make two specimen entries therein.

3. The following errors were made in the books of A. B. Give the entries necessary to correct them.

(a) Goods £16 8s. 10d. sold to B. Brown were posted to the debit of R. Brown's A/c.

(b) Cash Discount £1 19s. 8d. was allowed to G. M'Arthur and was credited to his A/c., but no entry was made in the Cash Book.

(c) The additions of the Sales Book for the month of May were under-cast by £100.

4. Explain the difference, if any, between a Sale and a Consignment.

5. Briefly describe the meaning, advantages or disadvantages of :—
Bearer Cheques, Order Cheques, and Crossed Cheques.

Illustrate your answer by a specimen of each kind of cheque.

EXERCISE.

R. Alexander and W. Dreer are in business as Ironmongers. On 1 Mch. 1923 their position was as follows :—Stock, £698 ; Bank Balance, £742 10s. ; Cash in Hand, £79 15s. 10d. ; Creditors : R. Edie, £148 10s. 4d., R. Raymond, £98 15s. 2d. ; Gas Coy. £12 4s. 6d. Debtors : B. Lee, £178 14s., G. Brown, £96 10s. 2d. Bills Receivable : L. Wilson, £50 due 3 Mch., M. Jones, £100 due 6 Mch.

Exercise No. LXXI.—*continued.*

The Capital of the business is held as follows : R. Alexander 2/3rds,
W. Dreer 1/3rd.

You are required to open the ledger a/cs. necessary to record the above particulars and to post, through the proper subsidiary books, the following transactions :—

1923.

- March 2. Sold, for Cash, and paid proceeds into office cash, 100 lbs.
french nails at 140/- per cwt.
- „ 3. Paid, in cash, amount due to Gas Coy.
Bill Receivable, due this day, was collected by Bank.
- „ 4. Paid, by cheque, amount due to R. Edie less 5% cash discount.
- „ 5. B. Lee accepted a Bill at 3 months for £100.
- „ 6. Paid in cash, Wages £19 18s. ; Stationery and Stamps £3 10s.
Bill Receivable, due this day, was collected by Bank.
- „ 8. Sold, on credit, to G. Brown, 6 Lawn Mowers at £5 3s. 6d. each
less 10% trade discount ; and 12 dozen knives at 36s. 8d.
per dozen net.
- „ 10. Purchased, on credit, from R. Raymond, 1 gross razors at
2s. 1d. each, and 100 pairs of scissors at 10½d. per pair.
- „ 12. Paid, in cash, Wages £28 17s. 2d. ; Railway Carriage, £3 19s. 4d.
Postage and Stationery £1 11s. 4d.
- „ 15. Paid, by cheque, to R. Raymond, £75 on account.
- „ 17. Drew, and cashed, cheque £25, for Office purposes.
- „ 19. G. Brown returned, as defective, one lawn mower sold him on
the 8th instant.
- „ 22. Purchased, for cash, job lot of bedsteads for £23 18s. 4d.
- „ 24. G. Brown sent cheque in settlement of his a/c. less 5% cash
discount.

Balance the Ledger and Cash Book as on 24 Mch. 1923, and extract a
Trial Balance.

No Profit and Loss A/c. or Bal. Sheet to be prepared.

LONDON CHAMBER OF COMMERCE.

Junior Commercial Certificates, May, 1922.

Exercise No. LXXII.

(THREE HOURS ALLOWED.)

(1) The Bal. Sheet of R. Plummer on 31 Dec., 1921, disclosed the following assets and liabilities :—

Stock on hand	-	-	-	-	-	-	-	£2,110	18	5
Freehold Premises	-	-	-	-	-	-	-	3,000	0	0
Furniture and Fittings	-	-	-	-	-	-	-	545	0	0
Motor Vans	-	-	-	-	-	-	-	735	0	0

Bills Receivable :—

D. Hoad, due 15 Jan., 1922	-	-	-	-	-	-	-	549	8	7
B. Hammett, due 28 Jan., 1922	-	-	-	-	-	-	-	203	15	6

Sundry Creditors :—

R. Davis	-	-	-	-	-	-	-	741	0	0
S. Hitchin	-	-	-	-	-	-	-	259	0	0

Sundry Debtors :—

A. Smith	-	-	-	-	-	-	-	283	3	4
H. Edwards	-	-	-	-	-	-	-	326	3	11
Cash on Deposit	-	-	-	-	-	-	-	2,000	0	0
Cash at Midland Bank	-	-	-	-	-	-	-	232	10	3
Cash in hand	-	-	-	-	-	-	-	14	0	0

Open the usual Ledgers with the above balances, also an a/c. showing R. Plummer's capital. Enter the following transactions in the proper subsidiary books, post to the Ledgers and extract a Trial Bal. as on 31 Jan., 1922.

Bills were met at their due dates.

All payments were made by cheque unless otherwise stated.

All receipts were paid to the Bank.

Exercise No. LXXII.—*continued.*

- Jan. 2. Bought of Dapper & Co. :—
 50 gross 5 doz. tins Metal Polish at 90/- gross.
 22 gross tins Floor Polish at 78/- gross.
 12 gross bottles Furniture Polish at 9/6 per doz. bottles.
- „ 3. Sold to D. Hoad :—
 4 cwt. Sugar at 42/- cwt.
 16 boxes Currants at 11/8 box.
 4 doz. bottles of Pickles in boxes of 8 at 7/- per box.
- „ 3. Drew cheque for Petty Cash, £35.
- „ 5. Received from H. Edwards cheque in settlement of his a/c., less 5% discount.
- „ 5. Paid S. Hitchin's a/c., less discount $3\frac{3}{4}\%$.
- „ 5. Sold for cash 100 boxes Raisins at 10/6 box.
- „ 8. Transferred to Current A/c. from Deposit A/c., £500.
- „ 8. Paid A/c. of R. Davis, less discount $2\frac{1}{2}\%$.
- „ 10. Purchased of S. Hitchin :—
 20 barrels Margarine, in all 20 cwt. 1 qr., at 73/- cwt.
 20 doz. bladders of Lard at 7/4 per bladder.
- „ 10. Drew cheque for Petty Cash, £40.
- „ 12. Sold to H. Edwards :—
 23 gross tins Metal Polish at 96/- gross.
 4 doz. boxes Currants at 11/8 box.
- „ 12. D. Hoad returned as faulty 56 lbs. Sugar bought on Jan. 3. Allowed credit for same.
- „ 12. Drew on A. Smith at 2 months for amount owing by him.
- „ 14. Received A. Smith's acceptance.
- „ 15. Sold to A. Smith :—
 4 drums, each containing 120 lbs. Cocoa at 1/4 lb.
 20 gross of $\frac{1}{2}$ lb. tins Cocoa at 102/- gross.
 8 gross of $\frac{1}{4}$ lb. tins Cocoa at 57/- gross.
- „ 16. Paid cheque for Petrol and Motor Repairs, £44 15s. 0d.
- „ 16. Received, on Consignment, from Dutch & Co. :—
 100 boxes of Eggs, each containing 240 Eggs, invoiced at 45/- box.
 200 Eggs were found to be crushed and useless.
 Paid charges for Dock dues, etc., on consignment, £24.

Exercise No. LXXII.—*continued.*

- Jan. 17. Drew cheque for Petty Cash, £38 10s. 0d.
- „ 20. Sold to H. Edwards :—
 5 gross tins of Cleaner at 85/- gross.
 5 cwt. 3 qrs. Margarine at 88/- cwt.
 15 boxes of Eggs at 55/- box, part consignment 16 Jan.
- „ 23. Accepted Dutch & Co.'s draft for £100 dated 19 Jan., 1922, at 1 month, and sent it to them by post.
- „ 23. Sold for cash 30 boxes of Eggs at 50/- box, part of consignment 16 Jan.
- „ 24. Drew cheque for Petty Cash, £40 10s. 0d.
- „ 24. Purchased of Tapman & Co. additional Furniture £50, and paid for same.
- „ 26. Purchased of Dapper & Co. :—
 50 cases of Toilet Soap at 110/- case.
 20 gross tins Polish at 80/- gross.
- „ 27. Sold for Cash, odd lots amounting to £200, which included £114 15s. 0d. for the balance of the Eggs received on consignment 16 Jan.
- „ 31. Sent to Dutch & Co. A/c. Sales of Consignment with sight draft for the balance due after deduction of 10% commission on gross sales.
- „ 31. Drew cheque for Petty Cash, £42.
- „ 31. Drew cheque, personal drawings, £50.
- „ 31. Payments from Petty Cash during the month were :—
- | | | | | | | | | | |
|--------------------|---|---|---|---|---|---|-----|----|---|
| Salaries and Wages | - | - | - | - | - | - | £89 | 6 | 2 |
| Trade Expenses | - | - | - | - | - | - | 17 | 14 | 3 |
| Sundry Purchases | - | - | - | - | - | - | 93 | 12 | 9 |

(2) Refer to question (1), 23 Jan., and prepare a copy of the draft as it appeared when posted to Dutch & Co.

(3) Sales are entered in the Invoice Book. How would you rectify the error ?

LONDON CHAMBER OF COMMERCE,
Junior Commercial Certificates, April, 1923.

Exercise No. LXXIII.

(THREE HOURS ALLOWED.)

1. On 5 Mch. 1923, the books of A. Blank and J. Greene, trading as Blank & Co., Wholesale Clothiers, disclosed the following assets and liabilities :—

Sundry Creditors :

J. Groat	-	-	-	-	-	-	-	£675
F. Foote	-	-	-	-	-	-	-	1325

Sundry Debtors :

J. Brooks	-	-	-	-	-	-	-	350
H. Barrett	-	-	-	-	-	-	-	1450
Cash at Bank	-	-	-	-	-	-	-	750
Stock on hand	-	-	-	-	-	-	-	4000
Freehold Premises	-	-	-	-	-	-	-	2000
Furniture and Fittings	-	-	-	-	-	-	-	400
Stock of Show Cards	-	-	-	-	-	-	-	50
Advertising Exps. bro't. forward	-	-	-	-	-	-	-	700
Reserve for Bad Debts	-	-	-	-	-	-	-	500

There was a liability to the Bankers for Bills under discount, £840.

Capital is divided, two-thirds to A. Blank, one-third to J. Greene.

Open the Ledgers, enter the following in the proper subsidiary books, post to the Ledgers and extract a Trial Balance at 31 Mch. 1923.

March 5. Bought at auction material for £623 2s. 6d. and paid for same by cheque.

„ 7. Purchased of P. Edward :

1 Bale of Serge 326 yds. at 12/6 yd.

1 „ Tweed, 250 yds. at 7/3 yd.

2 Bales Tweed each 260 yds. at 6/8 yd.

Exercise LXXIII.—*continued.*

March 9. Sold to F. May & Co.

12 Sports Coats at 22/6 each.

18 „ 24/- each.

3 Ready Made Suits at 50/- each.

„ 10. Cash Sales for Week—£195 8s. 6d.

Paid from Cash :

Wages	-	-	-	-	-	-	-	£93	5	0
Trade Exps.	-	-	-	-	-	-	-	6	5	0
Salaries	-	-	-	-	-	-	-	10	0	0
To Bank	-	-	-	-	-	-	-	70	0	0

Drew on H. Barrett at 2 months from this date for the amount of his a/c.

„ 12. Received from J. Brooks cheque for the amount of his a/c. less 2½% dis. Paid cheque to Bank.

„ 14. Sold to J. Brooks :

39 Sports Coats at 20/- each.

48 prs. Trousers at 9/6 pr.

14 Light Dust Coats at 23/6 each.

„ 14. Received H. Barrett's acceptance. Discounted same with Bankers who charged discount at the rate of 3½% per annum. Accepted draft of F. Foote at 3 months from this date for £325 on account and sent him cheque for the balance of his a/c. less 2½% dis. on the whole amount.

„ 16. Purchased from F. Foote :

1000 yds. Italian at 2/3½ per yd.

250 „ „ at 1/6 „

2 gross Buttons at 3/- doz.

Paid by Cheque J. Groat's a/c. less 5% discount.

Sold to H. Barrett :

40 Suits at 45/9 each.

25 Suits at 38/6 each.

100 Rain Coats at 23/- each.

Exercise LXXIII.—*continued.*

March 17. Cash Sales for week, £230 7s. 10d.

Paid from Cash :

Wages	-	-	-	-	-	-	£124	7	6
Trade Exps.	-	-	-	-	-	-	7	10	0
Salaries	-	-	-	-	-	-	10	0	0
To Bank	-	-	-	-	-	-	50	0	0

„ 17. Bill, No. 22, for £340 accepted by A. Sharp & Co. due this day, returned by Bankers, dishonoured.

„ 19. Received from Trustee in Bankruptcy of R. Pelly, First and final dividend of $\frac{1}{3}$ in the £ upon £270, the amount for which debt was admitted and paid same to Bankers.

„ 20. Purchased and paid for by cheque, new fittings for Show Room, £85 10s. 0d., to replace fittings of a written down value of £24 10s. 0d. The old fittings were sold for cash and realized their book value.

„ 22. Sold to F. May & Co.

24 Suits at 38/6 each.

48 prs. Trousers at 8/9 per pr.

12 Suits at 52/6 each.

„ 24. Cash Sales for week, £198 7s. 8d.

Paid from Cash :

Wages	-	-	-	-	-	-	£125	16	8
Trade Exps.	-	-	-	-	-	-	9	0	5
Salaries	-	-	-	-	-	-	10	0	0
To Bank	-	-	-	-	-	-	100	0	0

„ 26. F. May & Co. paid the amount of invoice 9 March less $3\frac{1}{4}\%$ for prompt cash.

F. May & Co. returned 3 pairs Trousers invoiced to them on 22 Mch. Sent Cr. Note for same.

Exercise LXXIII.—*continued.*

March 28. Purchased from J. Groat :

540 yds. of Cloth at 14/6 per yd.

120 „ Tweed at 24/- „

360 „ Serge at 15/- „

„ 30. Returned to F. Foote 1 gross buttons purchased on 16th inst. and received Cr. Note.

Accepted Bill drawn by M. Cathy on ourselves for £500 at 3 months from this date, for M. Cathy's accommodation.

„ 31. Cash Sales for week, £206 7s. 5d.

Paid from Cash :

Wages	-	-	-	-	-	-	-	£121	19	7
-------	---	---	---	---	---	---	---	------	----	---

Trade Exps.	-	-	-	-	-	-	-	5	17	6
-------------	---	---	---	---	---	---	---	---	----	---

Salaries	-	-	-	-	-	-	-	10	0	0
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Paid to Bankers the balance of Cash in hand at this date.

Drew cheque for selves :

A. Blank	-	-	-	-	-	-	-	£150
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J. Greene	-	-	-	-	-	-	-	75
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2. On 31 Jan. 1923, the Pass Book of J. Derney's business a/c. shewed a balance of £864 7s. 6d. Prepare from the following particulars a reconciliation with the balance in the Cash Book.

On 31 Jan. 1923 paid to Bank, Country cheque £329 10s. 8d. not credited.

On 31 Jan. 1923, the following cheques were drawn :

J. Frampton	-	-	-	-	-	-	-	-	£42	12	0
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F. Pigott	-	-	-	-	-	-	-	-	18	19	7
-----------	---	---	---	---	---	---	---	---	----	----	---

E. Harris	-	-	-	-	-	-	-	-	102	7	0
-----------	---	---	---	---	---	---	---	---	-----	---	---

F. Hazeldene	-	-	-	-	-	-	-	-	79	4	5
--------------	---	---	---	---	---	---	---	---	----	---	---

A. Ashby	-	-	-	-	-	-	-	-	14	1	3
----------	---	---	---	---	---	---	---	---	----	---	---

Wages	-	-	-	-	-	-	-	-	147	10	0
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Of these cheques only the wages cheque was met on this date. Upon checking the Pass Book it was ascertained that the Bankers had, in error, charged the a/c. with a cheque for £275 drawn on J. Derney's private a/c.

3. Explain the following terms and state under what circumstances they are used :—

E. & O.E.

C.I.F.

F.O.B.

Glossary of Commercial Terms.

Abatement.—A deduction or allowance.

Above Par.—When the price of shares, etc., rises above the price originally paid for them.

Acceptor.—The person who signs a bill, and who is liable for its payment when due.

Accommodation Bill.—A bill granted without value being given. Usually given for the purpose of accommodating some other party who is to provide for the bill when due.

Account.—(1) The space in the ledger where the transactions with a person are arranged, showing what value has been given and received. (2) A statement showing the amount due by one person to another.

Account Current.—A running or open a/c. which is being added to from time to time. Sometimes made out showing the interest on each item calculated to a certain date.

Account Sales.—An a/c. rendered by a consignee giving particulars of consignment goods sold, and showing the deductions for commission and expenses and the net proceeds.

Acquittance.—A discharge in writing of a liability.

Act of Bankruptcy.—The committal of an act which renders a person liable to be made a bankrupt.

Actuary.—The official in a Life Insurance Co. who calculates the probable duration of a life, and advises on the statistical and financial matters of the Company.

Advance.—(1) Payment in advance for goods, etc. (2) A loan made by a banker to a customer.

Advice.—A note advising the despatch of goods or the drawing of bills, etc.

After Date.—After the date of the bill.

After Sight.—After being presented to the drawee of a bill for acceptance. The currency of a bill after sight dates from the day it is "sighted" and accepted.

Agenda.—A note of business to be transacted at a meeting.

Agent.—One who represents a principal or who buys and sells for another.

Agio.—The difference between the real and nominal value of the currency of a country—e.g., between gold and paper money in countries where notes are not exchangeable at their nominal value for gold.

Allonge.—A slip attached to a bill providing space for additional endorsements, when the back of the bill is full of names.

Allotment.—The granting of shares to shareholders who have made application for same.

Annuity.—A sum of money paid yearly for a certain period.

Appreciation.—Increase in the value of assets.

Approbation.—Goods are sometimes sent to customers on approval, being passed through the Sales Book and credited when returned. Some merchants keep a special ledger for appro. goods.

Arbitration.—The settlement of disputes by a neutral party.

Arrears.—Payments overdue.

Articles of Association.—The deed detailing the conditions upon which a company's business is to be carried on, and the particulars of the transfer of the business.

Assets.—See index.

Assign.—To make over or transfer.

Assignment.—The deed or endorsement which transfers property, etc., to another called the assignee.

At Sight.—Payable on demand.

Audit.—The examination of books and a/cs. to see that they are correct.

Auditor.—The person (usually an accountant) who makes the audit.

Award.—The written decision given by an arbitrator.

Bad Debt.—A debt which is irrecoverable.

Bank Bill.—A bill issued or accepted by a bank.

Bank Draft.—A bill drawn by one banker on another, payable to the order of the person named.

Bank Note.—A promissory note issued by a bank having the power to issue notes.

Bank Rate.—The rate fixed by the Bank of England at which bills will be discounted. It rules the rates of all other banks.

Bankrupt.—A person who has been adjudged bankrupt. He is usually insolvent, although not always. The proceeds from a bankrupt's estate is divided among the creditors after paying Court and other expenses.

Barter.—Exchanging one commodity for another.

Bearer Cheque.—See index.

Bill Broker.—One who buys and sells bills.

Bill of Lading.—A receipt given by the master or agent of a vessel for goods shipped.

Bill of Sale.—A document assigning personal property, and usually given as security for a loan, which must not be less than £30.

Black List.—The name given in commercial circles to a "Gazette" issued (to subscribers) by trade protection societies giving, with other information, the names of bankrupts and others being sued for debts.

Bona Fide.—In good faith.

Bond.—A deed given by a person binding himself to pay a certain sum at a stated time or under certain conditions.

Bonded Goods.—Goods held by the Government in bonded stores awaiting payment of duty.

Bonus.—(1) An extra commission given to an employee. (2) An addition to life insurance policies. (3) An extra dividend paid to shareholders.

Book Debts.—The unpaid a/cs. receivable in a trader's ledger.

Book Value.—The amount appearing in the books of a concern as the value of a particular asset or group of assets.

Broker.—The agent or middleman who buys and sells shares, bills, etc. An insurance broker effects marine insurance.

Brokerage.—The commission charged by a broker for services rendered.

Bullion.—Gold and silver. Literally, it means uncoined gold and silver, but is often used in speaking of quantities of either, coined or uncoined.

Bureau de Change.—A place where foreign money is exchanged.

Bye-laws.—The private laws of a Corporation or Company.

Cable.—A message sent by submarine telegraph.

Calls.—The demand made on the shareholders of a Company for the instalments due on shares at stated periods, in order to provide working capital.

Call Money.—Money liable to repayment at immediate notice.

Cancel.—To render void. The person cancelling a document or entry in books should add his initials.

Capital.—Capital has rather a wide meaning, but one, in simple form, is—the surplus of a merchant's assets over his liabilities. (See also advanced edition.)

Capital Expenditure.—Money spent in purchasing machinery, property, and other tangible assets.

Carriage.—The charge made for conveying goods.

Carriage Forward.—Payable by the consignee.

Carriage Paid.—Payable by the sender.

Cartage.—The charge made for conveying goods.

Charter Party.—A contract for the hiring of the whole or part of a vessel. It requires a 6d. stamp.

Chartered Company.—A Company trading under a charter granted by the Crown.

Clearing House.—A central office kept up by bankers, where notes, cheques, etc., are exchanged from one bank to another, the difference between each bank being settled by a single cheque. Railway Companies also have a Clearing House for adjusting traffic.

Code.—A collection of words, with a certain meaning, used in cablegrams to save expense in transmission.

Commission.—Remuneration paid to an agent or employee for services rendered, or for buying and selling goods, etc.

Composition.—A payment or dividend of so much per £ by a bankrupt or trust estate.

Compound Interest.—Interest added to and becoming part of the principal, thus bearing interest upon interest.

Consignment.—Goods sent to an agent (called the consignee) for sale.

Consignor.—The sender of the goods.

Consols.—The common debt of the Government. The interest on Consols is paid quarterly.

Contra.—A book-keeping term, meaning on the other side.

Contra A/c.—An a/c. showing a balance which may be partly or wholly squared by another a/c.

Contract.—An agreement to perform certain work.

C.I.F.—Price quoted to include the cost of goods, shipping charges, freight, and insurance to destination.

Coupons.—Slips attached to bonds and share warrants. These are detached and presented periodically for payment of interest.

Course of Exchange.—The current rate of exchange between different countries—e.g., £1 in gold may exchange for 25.28 francs. See exchange.

Credit Note.—See index.

Cum. Div.—The buyer of shares sold thus is entitled to any dividend which may have accrued on the shares.

Dating Forward.—A practice adopted by some traders of dating an invoice at a period later than the time of delivery of the goods. The period of credit allowed begins at the forward date.

Days of Grace.—Three days are allowed, in this country, for payment after a bill becomes due.

Debenture.—(1) A name given to the certificate by the Excise entitling an exporter to the drawback allowed on goods, such as whisky, being exported. (2) Money raised, in addition to capital, by Limited Companies, etc. The security given is usually in the form of a mortgage.

Debit Note.—See index.

Deed of Arrangement.—An arrangement between a debtor, who is unable to pay his debts, and his creditors. It saves some of the heavy expense of bankruptcy proceedings.

Deficiency A/c.—A statement showing how a bankrupt's deficiency has arisen.

Del Credere.—An extra commission given to an agent for guaranteeing the due payment of goods sold by him.

Demand Draft.—A bill payable on demand.

Demurrage.—A charge of so much per day for the detention of ships, railway trucks, etc.

Deposit A/c.—Money lent to bankers bearing interest either at a fixed or variable rate. Deposit receipts may be payable on demand or otherwise.

Depreciation.—See index.

Dies Non.—A day upon which no business is transacted.

Disbursements.—Payments.

Discount.—See index.

Dishonour a Bill.—Refusing to accept a bill, or the acceptor failing to meet it when due.

Dishonoured Cheque.—Cheques lodged in bank are sometimes not paid by the drawers. If so, the bank returns the cheque as “dishonoured.” As the bank is debited with all cheques paid in, an entry must be made in the Cash Book crediting the bank and debiting the customer with the returned cheque.

Dissolution.—Winding up a business.

Distrain.—The seizing or poinding of property, etc., for rent or other debts.

Dividend.—(1) The portion of profit of a Company allotted to each shareholder. (2) Instalments paid by the trustee of an estate to the creditors.

Dividend Warrant.—An order in the form of a cheque for the payment of dividends.

Dock Warrant.—The receipt given by the Dock Warehouse keeper for goods deposited.

Domiciled Bill.—See index.

Double A/c. System.—A system of account keeping, compulsory in the case of Railway, Tramway Companies, etc. The balance sheet is divided into two sections. (See advanced edition.)

Draft.—A term used for bills and cheques.

Drawback.—Money refunded by the Government on duty paid goods.

Drawer, Drawee.—See index.

Drawings.—Usually refers to cash withdrawn from a business by the partners.

Duties.—Taxes levied by the Government on imports and on certain goods, payable through the Customs or Excise.

Duty Paid.—Goods on which the Government duty has been paid.

Embargo.—(1) A Government order prohibiting the sailing of a vessel for a certain time. (2) A legal order to stop the removal of property.

Empties.—Cases, boxes, etc., used for packing goods.

Endorsee.—The person to whom a document is transferred by endorsement.

Enter Short.—To enter short is to extend the figures in the inner money column.

Errors and Omissions Excepted.—E.E. or E. and O.E. Often put at the foot of invoices, etc., meaning that the merchant reserves the right to correct any error. Of no legal effect.

Estate.—Everything a person possesses.

Establishment Exps.—General expenses of a manufacturing business which cannot be charged to any special product or department.

Exchange.—(1) A place where merchants transact business. (2) The Course of Exchange is the sum of money which, on any date, for any given sum, will exchange in the currency of another country.

Ex. Div.—Without dividend.

Executor.—A person named or appointed by a testator to carry out the directions set out in his will.

Exports.—Goods sent out from a country.

Extend.—To enter the figures in the money column.

Face Value.—The value shown on the face of documents distinct from their market value.

Factor.—An agent.

✓ **Fictitious A/cs.**—Nominal A/cs.

Firm.—A firm usually consists of two or more persons carrying on business. One person can trade under a firm name.

Fixed Capital.—Capital sunk in permanent assets, such as property, plant, etc.

Fixed Charges.—Expenses which do not fluctuate with the turnover, such as rent, rates, mortgage interest, etc.

Floating Capital.—Loose capital, such as cash, goods, and book debts.

Flotsam.—Goods floating on the sea.

Folio.—Two pages facing each other, and bearing the same number. Also means, in book-keeping, a single page.

Forgery.—Altering documents, etc., with fraudulent intent.

Formation Exps.—The preliminary expenses incurred in floating a Company. Often stated in the books as a temporary asset to be written off in two or three years.

F.O.B.—The seller puts the goods on board free of all expenses to the buyer. **F.A.S.** means free alongside.

Freight.—A charge made for carrying goods by water.

Garnishee.—A person in whose hands property belonging to another is attached by an order of the Court.

Garnishment.—The notice issued to a garnishee warning him not to part with money or goods in his possession. **Attachment** is to seize the property.

General Acceptance.—Sometimes called a “clean acceptance,” is one having a signature without qualification.

Gilt-edged Securities.—Securities of the first class, such as Consols and other stocks of undoubted security.

Goods.—A collective term for all kinds of merchandise.

Goodwill.—The value of the connection and reputation of a business. Goodwill is often an asset of doubtful value.

Gross Profit.—The difference between the cost of production and the selling price of goods, before deducting general expenses.

Gross Weight.—The total weight, including packing.

Guarantee.—An agreement by which a party binds himself to fulfil certain engagements in the event of the party liable failing to do so.

Guard Book.—Used for collecting invoices, etc. (which are pasted in). Sometimes used as a Bought Day Book.

Harbour Dues.—Charges on vessels for the use of harbour and plant.

Holder.—The person who has possession of a bill or cheque or goods.

Honour.—The due meeting of a liability.

House.—Another name for a firm.

Hypothecation.—Assigning or pledging goods, etc., as security under an agreement.

Impersonal A/c.—See index.

Imports.—Goods received into a country.

Imprest System.—See index.

- In Bond.**—Goods deposited in duty free warehouses, the duty on which is usually paid when taken out of bond.
- Income and Expenditure A/c.**—A statement of Income and Expenditure is like a Profit and Loss A/c. It includes the entire income for the period under review, whether actually received or not, and the whole of the expenses, whether paid or not.
- Income Tax.**—A tax on the income of a person or firm. (A special chapter on the subject is contained in the advanced edition.)
- Indent.**—Usually refers to an order received from abroad.
- Injunction.**—An order by the Court to prevent infringement of trademarks, copyright, etc.
- Inland Bills.**—Bills drawn and payable in this country.
- Insolvent.**—Applies to a person unable to pay his debts in full.
- Instalment.**—A payment on account.
- Insurance.**—A contract by which a person, by paying an annual sum (called premium) to the insurer, obtains an indemnity against loss.
- Interest.**—The premium paid by a borrower for the loan of money. Simple interest is the amount calculated on the sum advanced. Compound interest is calculated periodically, and added to the principal.
- Interest on Capital.**—See index.
- Interim Dividend.**—A dividend paid in advance of the final distribution of profits.
- Inventory.**—A list or catalogue of goods and property.
- Investment.**—Money exchanged for property, shares, etc.
- Invoice.**—An a/c. giving description, quantity, and price of goods sold.
- I. O. U.**—An acknowledgment of debt. Requires no stamp, and to be legal must be entirely written by the giver.
- Jobber.**—A stock dealer who carries on business with stockbrokers.
- Joint A/c.**—Two or more persons joining in an enterprise and sharing profits or losses.
- Joint Stock Company.**—A Company consisting of not less than seven members who have contributed the capital required for carrying on an undertaking. Joint Stock Companies are regulated by Act of Parliament.

- Judgment Creditor.**—A person who has obtained judgment against a debtor for the whole or part of a debt.
- Kite.**—An accommodation bill.
- Lac.**—A lac of rupees is equal to 100,000 rupees, and is written 1,00,000. A hundred lacs is a crore.
- Lease.**—A right to the tenancy of property for a specific number of years on payment of a premium or annual rent.
- Legal Tender.**—Money a creditor is obliged to receive in payment of a debt. Up to 1s. in copper, £2 in silver and gold to any amount.
- Letter of Allotment.**—A notification sent to an applicant for shares in a company advising him of the number of shares he has been allotted.
- Letter of Credit.**—An order in favour of a certain person on bankers and merchants in different places for payment of money. A convenience to persons travelling abroad. Also a term applied to advances or “credits” given by bankers, usually against shipments of goods, etc.
- Liabilities.**—The debts owing by a person or firm.
- Lighterage.**—The charge for hiring a lighter.
- Lien.**—A claim on property as security for a debt.
- Limit.**—The price given by a client to his broker, beyond which price the broker may not go in bidding for shares on his client's behalf.
- Limited Liability.**—Means that the shareholders of a Company are liable only for the uncalled amount on their shares in the event of bankruptcy. In an Unlimited Company each member is liable jointly with the others for all the debts of the Company.
- Liquidation.**—Bringing to an end a company which is generally, but not necessarily, insolvent.
- Liquidator.**—The person appointed to wind up the company and distribute the assets.
- Locum Tenens.**—A substitute.
- Manifest.**—A statement for the Custom House (lodged when the vessel leaves the port) containing particulars of the vessel and cargo.
- Marconigram.**—A cable sent by wireless telegraphy.

Marked Cheque.—A cheque initialled by the bank on which it is drawn as proof that it will be paid on presentation.

Market Price.—The price ruling in the market.

Maturity.—The date upon which bills fall due.

Memorandum of Association.—The principal document of a Limited Company containing the conditions and objects for which the Company is incorporated.

Metric System.—The decimal system of weights and measures, now extensively used, of which the metre is taken as the unit or basis.

Money Market.—A general term applied to bankers, bill brokers, and capitalists who constitute the "Market." Lombard Street, London, is the chief centre.

Mortgage.—A transfer of property to secure the repayment of a loan.

Narration.—The particulars appended to an entry in the journal.

Negotiable Document.—A document the transfer of which conveys the legal right to the property therein specified.

Net Cash.—No deduction at settlement.

Net Proceeds.—Amount received for a sale of goods after deducting expenses.

Net Profit.—The profit after charging all expenses.

Net Weight.—Actual weight after deduction of the weight of packing or allowance for waste.

Nominal Partner.—One who takes no actual part in a business, but allows his name to be used.

Notary Public.—An official who certifies deeds, bills, and other commercial documents.

Noting a Bill.—When a bill is dishonoured it is handed to a Notary Public, who presents the bill to the acceptor, and "notes" the fact of its non-payment. Proceedings can then be taken against the acceptor and endorsers (if any).

Not Negotiable.—See index.

Official Receiver.—A trustee appointed by the Board of Trade to administer bankrupt estates.

On Account.—A part payment.

Open A/c.—An unsettled account.

Ordinary Shares.—Shares giving no special privilege as to dividend.

Overdraft.—An advance granted by a banker.

Paper Currency.—Bank notes or documents which only represent money. In some countries paper money is worth very considerably less than the face value.

Par.—The term used when the market value of stocks and shares is the same as that originally paid for them.

Partner.—One who has an interest in a business.

Patent.—The right given by letters patent to a patentee, giving him the sole privilege for 16 years of making the patented article.

Pay-in Slip.—See banking.

Per Annum.—By the year.

Per Cent.—By the hundred.

Per Pro.—Per procuration. Authority given to an official to sign and endorse cheques, etc., on behalf of the firm.

Plant.—Machinery, tools, and implements.

Post-date.—To date after the real time.

Posting.—Transferring items from the various books to the ledger.

Poundage.—A charge or commission of so much in the £.

Power of Attorney.—A legal document empowering one person to act for another.

Preference Shares.—Rank before ordinary shares—i.e., if there are any profits to divide, the ordinary shares are only entitled to dividend after the preference shareholders are satisfied.

Premium.—(1) The charge paid for insurance. (2) When shares, etc., can be sold at more than their nominal value, they are said to be “at a premium.” When the market price is less than the nominal price, they are said to be “at a discount.”

Price Current.—Market price ruling.

Primage.—A percentage, usually ten per cent., added to freight charges by shipowners. Under certain conditions, the primage is returned periodically to shippers.

Prime Cost.—First cost without adding expenses.

Principal.—(1) The head of a firm. (2) The amount of money lent out at interest.

- Private Ledger.**—Usually contains the private a/cs. of a trader, such as capital, loans, profit and loss, etc.
- Pro Forma.**—A statement or invoice sent for form's sake showing the approximate amount.
- Pro Rata.**—In proportion.
- Prompt Cash.**—Cash on delivery or soon after.
- Prospectus.**—The document issued to the public by the promoters of a company.
- Protest of a Bill.**—The legal steps taken by a Notary when a foreign bill is dishonoured.
- Proxy.**—A written authority, requiring a penny stamp, authorising one person to vote for another.
- Public Companies.**—Joint-stock or Limited Liability Companies. The shares can usually be publicly sold at any time, provided there is a market for them.
- Qualified Acceptance.**—A bill accepted under certain conditions.
- Quorum.**—In the rules of companies and societies it is usual to fix a certain number as the minimum to be present before any business can be transacted. This number is termed the quorum.
- Quotation.**—It is customary to enquire from two or three firms as to what price they are prepared to supply goods. This price is called the quotation.
- Raw Material.**—Goods in their raw or unfinished state.
- Re.**—Relating to.
- Real Estate.**—Fixed property, such as houses, etc. **Personal Estate** is movable property, such as furniture, cash, etc.
- Rebate.**—An allowance or discount. Usually refers to interest received from the retiral of a bill before maturity.
- Receipt.**—An acknowledgment in writing of the receipt of cash, etc. A receipt for money, value £2 or over, requires a twopenny stamp, which should be cancelled.
- Reference.**—The name of someone who may be applied to as to the character or standing of a person.
- Register of Members.**—The book kept by a registered company containing a list of the members.
- Remittance.**—A sum of money sent by one person to another, either by bill or cheque, postal order, stamps, etc.

- Renew a Bill.**—To give a bill in the place of another, extending the date of payment.
- Reserve or Reserve Fund.**—A sum set aside from profits to provide for future contingencies, or to equalise dividends in a bad year.
- Rest.**—The name given to the reserve fund of the Bank of England.
- Retail.**—To sell in small quantities.
- Retire a Bill.**—To meet a bill when due, or to take up a bill under rebate before due.
- Returns.**—Goods returned, also a name applied to statistics generally.
- Revenue.**—Income or earnings.
- Royalty.**—A payment to a patentee or owner of copyright for the use of his property, or to a landowner for mining rights.
- Rupee.**—In British India the standard silver coin, nominally worth 2s. The exchange value is about 1s. 4d.
- Sale or Return.**—Goods sent out to customers who have the right to return same if unsold. A special book is usually kept for these items, so as not to overstate the “bona fide” sales. S. or R. goods outstanding should be taken at cost price when stock-taking.
- Schedule.**—A detailed list, such as the particulars or specification of a contract.
- Second Hand.**—Something which has been sold before.
- Secret Reserves.**—Assets not disclosed in the books. A familiar case is the valuable buildings of the Bank of England, which are not shown in the Bank’s balance sheet.
- Secured Creditor.**—One who holds security against a debt.
- Sequestration.**—Bankruptcy proceedings in Scotland.
- Set-off.**—A counter claim. A contra a/c.
- Short Bills.**—Bills which have less than ten days to run.
- Salvage.**—(1) Property saved from wreck or fire. (2) The claim made for assistance at same.
- Sight Bills.**—Bills payable at sight are similar to bills payable on demand. In book-keeping they are usually treated as cheques.

Single Entry.—Keeping books by personal a/cs. only. There being no Profit and Loss A/c., the gain or loss is ascertained by comparing the assets and liabilities one period with another, after allowing for any addition or withdrawal of capital.

Sinking Funds.—Funds which are created by setting aside, in cash payments, a proportion of the revenue or income of a Company for the extinction of debts, etc., or for the redemption of shares, leases, etc.

Sleeping Partner.—A dormant partner, who takes no active interest in the concern, but he is equally liable with the working partner for the debts of the business.

Solvent.—See index.

Specie.—Coin of any description.

Spot.—Goods actually ready for delivery as distinct from goods to arrive.

Specification.—A detailed list of articles shipped, or required, or of work to be done for a contract.

Standard.—A fixed point by which things are gauged and adjusted. In Britain the standard money is gold, and Britain is said to be a gold standard country.

Statement.—An a/c. giving the date and amount of all invoices rendered since the last settlement. Usually rendered monthly or quarterly.

Statement of Affairs.—The particulars of a debtor's assets and liabilities. Practically a balance sheet with the capital omitted.

Statute of Limitations.—A law assigning a certain time after which rights cannot be enforced by law. In England debts are "statute barred" after six years, and in Scotland after three years. An admission in writing by the debtor is sufficient, however, to keep the debt alive.

Sterling.—The description given to British money as distinct from the money of other countries.

Stock.—Goods. It may refer also to the National Debt, shares, or debentures.

Stock-in-Trade.—The quantity and value of merchandise at any particular time. Goods should be priced at cost or market value, whichever is the lower.

Stock-taking.—The valuation of stock-in-trade, debts, plant, and other assets to show the financial position of a firm after allowing for all accrued charges and liabilities.

- Stop a Cheque.**—In the case of a cheque being mislaid or stolen, written instructions may be given to the bank on which the cheque is drawn not to pay it.
- Surety.**—The person who signs a bond guaranteeing another person's debt.
- Sundries.**—In a book-keeping sense, more than one item.
- Sundry Persons' A/c.**—An a/c. for recording transactions with occasional customers, to prevent the opening of separate ledger a/cs.
- Surrender Value.**—The sum allowed by a Life Insurance Company when the policy is given up.
- Suspense A/c.**—An a/c. into which items are temporarily entered when, owing to want of information, they cannot be located to their correct a/c. in the books.
- Suspension of Payment.**—When bankers and mercantile houses become insolvent, and fail to pay their liabilities.
- Tare.**—An allowance for the weight of the packing material of the goods.
- Tariff.**—A table of fixed charges.
- Telegraphic Transfers.**—Bank messages sent by cable ordering the transfer of specified amounts from one party to another.
- Tender.**—An estimate to supply or purchase goods, stocks, etc., or execute certain work.
- Term or Quarter Days.**—In England and Ireland—Lady-Day, 25th March; Midsummer, 24th June; Michaelmas, 29th September; Christmas, 25th December. In Scotland—Candlemas, 2nd February; Whitsunday, 15th May; Lammas, 1st August; Martinmas, 11th November.
- Token Money.**—All coins except gold.
- Tonnage.**—A ship's carrying capacity.
- Trade Discount.**—The difference between wholesale and retail price. Trade discount should pass through the Sales and Bought Books, and not through the Cash Book.
- Turnover.**—The output of a business.
- Ullage.**—The quantity deficient from a cask.
- Under Protest.**—When money is demanded which is not acknowledged to be legally due, and is paid to prevent proceedings, it is said to be paid under protest.

Usance.—The time allowed by usage for the currency of bills between any two countries.

Vendor.—The person who sells goods, or on whose behalf a sale is made. **Vendee** is the buyer.

Voucher.—A receipt for cash, or written evidence as to the accuracy of an a/c.

Vowel Index.—A form of index used, for convenience in reference, where there are a large number of names—e.g., the letter B would be sub-divided into Ba, Be, Bi, Bo, and Bu.

Voyage Policy.—A policy insuring ships or goods for a particular voyage.

Wharfage.—The charge made for receiving or removing goods on a wharf.

Wholesale.—Dealing in large quantities of goods.

Winding Up.—Dissolving a business or estate.

Write Off.—The writing off, or transferring to P. and Loss, Bad Debts, or the depreciation in the value of assets.

Working Capital.—The excess of capital receipts (i.e., from the proprietors) over capital expenditure. Also refers to the free capital (or cash) a trader has.

Working Partner.—One who gives the business the benefit of his work and experience.

Abbreviations.

A/c.—Account.	Dft.—Draft.
Acc.—Acceptance.	D.N.—Debit note.
Agt.—Agent.	d/s.—Days after sight.
A1.—First class (of ships).	Dept.—Department.
A.M.—Before noon.	Divd.—Dividend.
A/S.—Account sales.	Disct.—Discount.
A.V.—Ad valorem.	Do., ditto.—The same.
@.—At.	Dols.—Dollars, \$.
Bal.—Balance.	Dr.—Debtor.
B.B.—Bill book.	D/y.—Delivery.
B/E.—Bill of exchange.	E. and O.E.—Errors and omissions excepted.
B/L.—Bill of lading.	e.g.—For example.
B.P.B.—Bank post bill.	Encl.—Enclosure.
B.P.—Bill payable.	ex.—From, out of.
B.R.—Bill receivable.	Exd.—Examined.
B/s.—Bales, bags.	F.A.S.—Free at ship.
B/S.—Bill of sale.	F.E.P.—Free of English port.
C.B.—Cash book.	Fwd.—Forward.
C/d.—Carried down.	F.O.B.—Free on board.
C/f.—Carried forward.	F.O.R.—Free on rail.
Chq.—Cheque.	F.P.A.—Free of particular average.
C.F.—Cost and freight.	G.A.—General average.
C.I.F.—Cost, insurance, and freight.	G.O.B.—Good ordinary brand.
C.O.D.—Cash on delivery.	H.M.C.—His Majesty's Customs.
Co.—Company.	H.P.—Horse power.
C/o.—Care of.	i.e.—That is.
Com.—Commission.	Inst.—The present month.
Cr.—Credit, creditor.	Int.—Interest.
C.N.—Credit note.	Insce.—Insurance.
C.P.—Charter party.	Inv.—Invoice.
Cs.—Cases.	I.O.U.—I owe you.
Ctge.—Cartage.	J/A.—Joint a/c.
Curt.—Current.	Kilos.—Kilograms.
D.A.—Documents attached.	L/C.—Letter of credit.
D.B.—Day book.	M.—Thousand.
d/d.—Days after date.	Memo.—Memorandum.
D/D.—Demand draft.	Min.—Minimum.
D.O.—Delivery order.	

Abbreviations—Continued.

m/d.—Months after date.
m/s.—Months after sight.
Mo.—Month.
M.S.—Manuscript. Plural, MSS.
N/a.—Non-acceptance, No advice.
N.B. Take notice.
N/e.—No effects (Banking).
N/f.—No funds (Banking).
No.—Number.
N.P.—Notary Public.
N/s.—Not sufficient (Banking).
O/a.—On account.
O/d.—On demand.
O/s.—Outstanding.
%—Per cent.
‰—Per thousand.
Pd.—Paid.
Per.—By.
Per pro.—Per procuration, On behalf of.
P.A.—Power of attorney.
P.C.—Price current.
P.C.B.—Petty cash book.
P.M.—After noon.
P.N.—Promissory note.
P.O.—Postal order.
P.O.O.—Postal money order.
pp.—Pages.
Pro.—For.
Pro tem.—For the time being.

Prox.—Proximo—Next month.
P.S.—Postscript.
P.T.O.—Please turn over.
qr.—Quarter.
q.v.—Which see.
R/d.—Refer to drawer (Banking).
Re.—In the matter of.
Rect.—Receipt.
Retd.—Returned.
Rs.—Rupees.
R.S.O.—Rural sub. (Post) office.
S.N.—Shipping note.
Stg.—Sterling.
T.L.O.—Total loss only.
T.O.—Turn over.
T.Q.—Tale quale, according to sample.
T.T.—Telegraphic transfer.
U/u.—Underwriter.
Ult.—Ultimo—Last month.
U.S.A.—United States of America.
V.—Versus—against.
Via.—By way of.
viz.—Namely.
Vr.—Voucher.
W/W.—Warehouse warrant.
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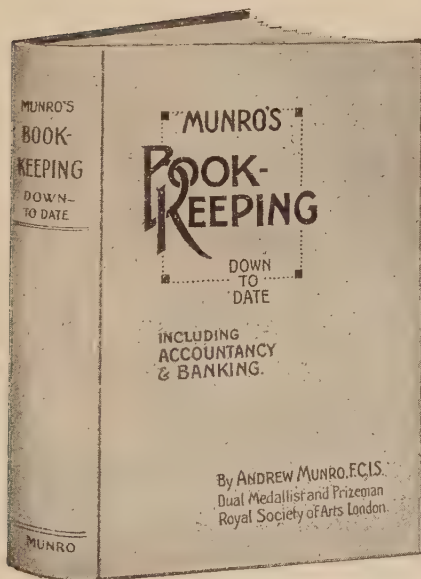
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